96-52

SURFACE TRANSPORTATION ACT OF 1980

NEWARK PUBLIC LIBRARY

NOV 7 1980

U. S. GOVT. PUBS.
DEPOSITORY 376

(96-52)

HEARINGS
BEFORE THE
SUBCOMMITTEE ON SURFACE TRANSPORTATION
OF THE
COMMITTEE ON
PUBLIC WORKS AND TRANSPORTATION
HOUSE OF REPRESENTATIVES
NINETY-SIXTH CONGRESS
SECOND SESSION
ON

H.R. 6417

TO AUTHORIZE APPROPRIATIONS FOR THE CONSTRUCTION OF CERTAIN HIGHWAYS IN ACCORDANCE WITH TITLE 23 OF THE UNITED STATES CODE, FOR HIGHWAY SAFETY, FOR MASS TRANSPORTATION IN URBAN AND IN RURAL AREAS, AND FOR OTHER PURPOSES

H.R. 6890

TO AMEND THE URBAN MASS TRANSPORTATION ACT OF 1964 TO PROVIDE FOR AUTHORIZATIONS, AND FOR OTHER PURPOSES

H.R. 6964

TO AMEND TITLE 23 OF THE UNITED STATES CODE TO ALLOW THE SECRETARY OF TRANSPORTATION TO MAKE GRANTS AND LOANS FOR CARPOOLING AND VANPOOLING PROGRAMS AND TO ESTABLISH A NATIONAL OFFICE OF RIDESHARING

MARCH 26; APRIL 16 AND 21, 1980

Printed for the use of the Committee on
Public Works and Transportation

Y4.P96/11:

SURFACE TRANSPORTATION ACT OF 1980

(96-52)

HEARINGS

BEFORE THE

SUBCOMMITTEE ON SURFACE TRANSPORTATION

OF THE

COMMITTEE ON PUBLIC WORKS AND TRANSPORTATION

HOUSE OF REPRESENTATIVES

NINETY-SIXTH CONGRESS

SECOND SESSION

ON

H.R. 6417

TO AUTHORIZE APPROPRIATIONS FOR THE CONSTRUCTION OF CERTAIN HIGHWAYS IN ACCORDANCE WITH TITLE 23 OF THE UNITED STATES CODE, FOR HIGHWAY SAFETY, FOR MASS TRANSPORTATION IN URBAN AND IN RURAL AREAS, AND FOR OTHER PURPOSES

H.R. 6890

TO AMEND THE URBAN MASS TRANSPORTATION ACT OF 1964 TO PROVIDE FOR AUTHORIZATIONS, AND FOR OTHER PURPOSES

H.R. 6964

TO AMEND TITLE 23 OF THE UNITED STATES CODE TO ALLOW THE SECRETARY OF TRANSPORTATION TO MAKE GRANTS AND LOANS FOR CARPOOLING AND VANPOOLING PROGRAMS AND TO ESTABLISH A NATIONAL OFFICE OF RIDESHARING

MARCH 26; APRIL 16 AND 21, 1980

Printed for the use of the Committee on
Public Works and Transportation

U.S. GOVERNMENT PRINTING OFFICE
66-676 O WASHINGTON : 1980

COMMITTEE ON PUBLIC WORKS AND TRANSPORTATION

HAROLD T. (BIZZ) JOHNSON, California, *Chairman*

RAY ROBERTS, Texas
JAMES J. HOWARD, New Jersey
GLENN M. ANDERSON, California
ROBERT A. ROE, New Jersey
MIKE McCORMACK, Washington
JOHN B. BREAUX, Louisiana
NORMAN Y. MINETA, California
ELLIOTT H. LEVITAS, Georgia
JAMES L. OBERSTAR, Minnesota
JEROME A. AMBRO, New York
HENRY J. NOWAK, New York
ROBERT W. EDGAR, Pennsylvania
MARILYN LLOYD BOUQUARD, Tennessee
JOHN G. FARY, Illinois
W. G. (BILL) HEFNER, North Carolina
ROBERT A. YOUNG, Missouri
DAVID E. BONIOR, Michigan
ALLEN E. ERTEL, Pennsylvania
BILLY LEE EVANS, Georgia
RONNIE G. FLIPPO, Alabama
NICK JOE RAHALL II, West Virginia
DOUGLAS APPLEGATE, Ohio
GERALDINE A. FERRARO, New York
BRIAN J. DONNELLY, Massachusetts
EARL HUTTO, Florida
EUGENE V. ATKINSON, Pennsylvania
DONALD JOSEPH ALBOSTA, Michigan
MARVIN LEATH, Texas
WILLIAM HILL BONER, Tennessee
——— ———

WILLIAM H. HARSHA, Ohio
JAMES C. CLEVELAND, New Hampshire
DON H. CLAUSEN, California
GENE SNYDER, Kentucky
JOHN PAUL HAMMERSCHMIDT, Arkansas
BUD SHUSTER, Pennsylvania
JAMES ABDNOR, South Dakota
GENE TAYLOR, Missouri
BARRY M. GOLDWATER, Jr., California
TOM HAGEDORN, Minnesota
ARLAN STANGELAND, Minnesota
ROBERT L. LIVINGSTON, Louisiana
NEWT GINGRICH, Georgia
WILLIAM F. CLINGER, Jr., Pennsylvania
GERALD B. H. SOLOMON, New York
JERRY LEWIS, California
BILL ROYER, California

SUBCOMMITTEE ON SURFACE TRANSPORTATION

JAMES J. HOWARD, New Jersey, *Chairman*

ROBERT W. EDGAR, Pennsylvania
JOHN G. FARY, Illinois
W. G. (BILL) HEFNER, North Carolina
NICK JOE RAHALL II, West Virginia
DOUGLAS APPLEGATE, Ohio
ALLEN E. ERTEL, Pennsylvania
GERALDINE A. FERRARO, New York
EUGENE V. ATKINSON, Pennsylvania
WILLIAM HILL BONER, Tennessee
RAY ROBERTS, Texas
GLENN M. ANDERSON, California
ROBERT A. ROE, New Jersey
MIKE McCORMACK, Washington
JOHN B. BREAUX, Louisiana
NORMAN Y. MINETA, California
JEROME A. AMBRO, New York

BUD SHUSTER, Pennsylvania
JAMES C. CLEVELAND, New Hampshire
DON H. CLAUSEN, California
TOM HAGEDORN, Minnesota
ARLAN STANGELAND, Minnesota
ROBERT L. LIVINGSTON, Louisiana
JERRY LEWIS, California
BILL ROYER, California

CONTENTS

Page

Proceedings of:

March 26, 1980 1
April 16, 1980 173
April 21, 1980 289

H.R. 6417: To authorize appropriations for the construction of certain highways in accordance with title 23 of the United States Code, for highway safety, for mass transportation in urban and in rural areas, and for other purposes 4
H.R. 6890: To amend the Urban Mass Transportation Act of 1964 to provide for authorizations, and for other purposes 32
H.R. 6964: To amend title 23 of the United States Code to allow the Secretary of Transportation to make grants and loans for carpooling and vanpooling programs and to establish a National Office of Ridesharing 43

TESTIMONY

Berwager, Sydney D., Acting Director, Systems Utilization Division of the Office of Transportation Programs, Office of Conservation and Solar Energy, Department of Energy 327
Bulley, William A., president, American Association of State Highway and Transportation Officials 256
Carey, Hon. Hugh L., Governor, State of New York 317
Castaldi, Richard, Chairman, Transportation Planning Board, Council of Governments 351
Downs, Thomas M., Associate Administrator for Planning, Federal Highway Administration, Department of Transportation; accompanied by Robert H. McManus, Associate Administrator for Planning, Management, and Demonstrations, Urban Mass Transportation Administration, Department of Transportation 291
Duncan, Angus, Director of Energy Policy, Department of Transportation 327
Goldschmidt, Hon. Neil, Secretary, Department of Transportation; accompanied by Mort Downey, Assistant Secretary for Budget; and Ted Lutz, Administrator, Urban Mass Transit Administration 64
Goldstein, Neil, national conservation representative, Sierra Club; and on behalf of National Wildlife 393
Hunter, Robert, director of transportation, State of Missouri 256
Johnson, Eugene M., chairman, American Road and Transportation Builders Highway Advisory Council 256
Kramer, John, secretary, Illinois Department of Transportation, on behalf of the National Governors' Association 229
McManus, Robert H., Associate Administrator for Planning, Management, and Demonstrations, Urban Mass Transportation Administration, Department of Transportation 327
Manning, Darrell, Secretary of Transportation, State of Idaho 256
Murphy, Hon. Lewis C., mayor of Tucson, Ariz., on behalf of the U.S. Conference of Mayors 205
Neil, Kay E., executive director of Overcoming Mobility Barriers International, Inc., and executive director of Employment Advisory Council for the Handicapped 404
Oliver, William, commissioner, metropolitan Dade County, Fla., on behalf of the National Association of Counties 205
Page, Richard S., general manager, Washington Metropolitan Area Transit Authority 164

Page

Patterson, Hon. Jerry M., a Representative in Congress from the State of California 176

Pierce, Ira N., P. E., chief of public transportation planning, Delaware Valley Regional Planning Commission 351

Pratsch, Lew, Manager, Carpooling and Vanpooling, Department of Energy 327

Reichart, Barbara, Chief, Ridesharing Transportation, Federal Highway Administration, Department of Transportation 327

Slapin, Ken, council member, city of Norwalk, Conn., on behalf of the National League of Cities 205

Somerville, Robert W., president, Grumman Allied Industries, Inc.; on behalf of Grumman Flxible Corp 399

SUBMISSIONS FOR THE RECORD

Berwager, Sydney D., Acting Director, Systems Utilization Division, Office of Transportation Programs, Office of Conservation and Solar Energy, Department of Energy, statement 328

Bulley, William A., president, American Association of State Highway and Transportation Officials:
- Statement 237
- Copy of Washington State statute pertaining to insurance provisions for carpools and vanpools 269

Carey, Hon. Hugh L., Governor, State of New York, statement 307

Castaldi, Richard J., chairman, National Capital Region Transportation Planning Board, responses to additional questions posed by Representative Edgar 362

Cleveland, Hon. James C., a Representative in Congress from the State of New Hampshire:
- New York Times editorial of February 16, 1980: "Hindsight on Helping the Handicapped" 74
- "Additional Views" section of the March 1980 Report of the Subcommittee on Oversight and Review of the Committee on Public Works and Transportation 76
- Congressional Budget Office Report on Urban Transportation for Handicapped Persons 82

Downs, Thomas M., Associate Administrator for Planning, Federal Highway Administration; list of organizations anticipated to benefit from ridesharing demonstration funds 297

Fortune, William R., board of directors, chairman, Government Relations Committee, National Association of Van Pool Operators, letter 367

Goldschmidt, Hon. Neil, Secretary of Transportation:
- Statement 50
- Comments on the "Additional Views" section of the March 1980 Report of the Subcommittee on Oversight and Review of the Committee on Public Works and Transportation 79
- Responses to additional questions posed by Chairman Johnson 118

Goldstein, Neil B., national conservation representative, Sierra Club, statement 369

Johnson, Eugene M., chairman, American Road and Transportation Builders Association:
- Statement 249
- Employment statistics 282

Kramer, John D., secretary, Illinois Department of Transportation, on behalf of the National Governors' Association, statement 224

Murphy, Hon. Lewis C., mayor, city of Tucson, on behalf of the United States Conference of Mayors, statement 179

Oliver, Hon. William, commissioner, metropolitan Dade County, Fla., on behalf of the National Association of Counties, statement 198

Page, Richard S., general manager, Washington Metropolitan Area Transit Authority, statement 133

Patterson, Hon. Jerry M., a Representative in Congress from the State of California, statement 173

Slapin, Kenneth, council member, Norwalk, Conn., on behalf of the National League of Cities, statement 189

ADDITIONS TO THE RECORD

Bierwagen, Walter J., international vice president, Amalgamated Transit Union, statement 409

Christman, August W., executive director, Illinois Council of COPH (Congress of Organizations of the Physically Handicapped), letter 422

Page

Detman, John J., executive director, Wheels, Inc., letter 424

Gregori, Harry E., Jr., MPO secretary, Richmond Area Metropolitan Transportation Planning Organization, submittal for the record 425

Hubbard, Arthur L., vice president—operations, Lockheed Missiles and Space Co., Inc., Sunnyvale, Calif., letter 427

Kelly, R. W., director, office of transportation programs, city of Dallas, letter .. 433

Levi, Peter S., executive director, Mid-America Regional Council, letter 436

Lewis, Arthur D., president, American Bus Association, submittal for the record 437

Meeting, Paul H., administrator, Van Pool Program, Hughes Tool Co., Houston, Tex., letter 441

Novak, Terry L., city manager, and Ron Bair, mayor, city of Spokane, Wash., letter to Hon. Bob Edgar 443

Ottinger, Hon. Richard L., a Representative in Congress from the State of New York, statement submitted 444

O'Donoghue, Michael, president, Commuter Services, Inc., Birmingham, Ala., letter 448

Quillen, Michael J., president, Paramont Mining Corp., submitted for the record 451

Rittmaster, Robert, president and chairman of the board, QONAAR Corp., Elk Grove Village, Ill., statement 454

Roach, William T., program manager, Commuter Pool, letter 458

Williams, Susan J., Assistant Secretary for Governmental Affairs, Department of Transportation, letter 460

Winston, Marc, vice chairman, Transit Advertising Association, president, TKI/Winston Network, Inc., statement 462

READEX
FICHE

SURFACE TRANSPORTATION ACT OF 1980, AND THE ADMINISTRATION'S PROPOSED PUBLIC TRANSPORTATION AMENDMENTS OF 1980

WEDNESDAY, MARCH 26, 1980

House of Representatives,
Subcommittee on Surface Transportation,
of the Committee on Public Works and Transportation,
Washington, D.C.

The subcommittee met, pursuant to notice, at 10:05 a.m., in room 2167, Rayburn House Office Building, Hon. James J. Howard (chairman) presiding.

Mr. Howard. The Subcommittee on Surface Transportation will come to order.

The subcommittee will receive testimony on the various proposed funding authorizations for public transportation and for other transportation energy initiatives.

When this committee introduced the Surface Transportation Assistance Act of 1978, it was presented as a 4-year bill. The bill contained very substantial, but what this committee believed to be very necessary, amounts of Federal financial assistance for public transportation.

Having experienced the impact of the 1973 Arab oil embargo on the demand for public transportation, and having watched the emerging political situation in the Mideast, this committee knew that the country should be prepared for any future energy crisis.

Had the other body and the administration been more receptive to the record which this subcommittee had made regarding funding needs, I am confident that the country's transportation systems would now be much better prepared to cope with this new and deeper national petroleum import reduction problem.

This committee and the entire House, I am sure, is fully aware of the tremendous inflation problem which has gripped this Nation. As always, the Congress must bear the burden of solving the inflation problem. This effort will involve careful analysis and adjustment in spending levels, particularly over the near term. However, budget cutting alone will not solve the type of inflation this country faces today.

Today this country is experiencing an economic crisis unlike any in its history. The sudden and drastic escalation of energy costs has triggered record inflation. As this subcommittee indicated last summer the key to solving our national crisis lies in a program for reducing our import of foreign oil. In order to do that, this Nation must turn to public transportation.

Last summer, with the passage of the windfall profit tax by the House, and faced with gas lines all over the country, this subcommittee launched an effort to obtain a share of the windfall profit tax revenues for public transportation and other surface transportation energy initiatives.

That effort was followed by a similar proposal by the administration. At that time, the committee and the administration were talking in terms of a total Windfall Profit Tax revenue of $140 billion. At that time the administration advocated using approximately $16 billion for these programs.

Today the country awaits the passage of the windfall profits tax conference report by the other body. When the President signs that legislation, we now know that the gross taxes on windfall profits will yield better than $400 billion, rather than the $140 billion the administration discussed last summer. Likewise, last July, gasoline was selling for 75 cents per gallon, and today it is selling for $1.25 a gallon. I think it is fair to say that the situation has changed as much between last summer and today as it did between 1973 and last summer.

Over the long run, this subcommittee and the full committee on Public Works and Transportation knows probably better than any other organization in Government the value of major capital improvements in reducing the overall costs of operating our Nation's transportation systems. Never before has such a major program been so important.

One need only look to the real dollar reduction in unit costs of freight transportation which the National System of Interstate and Defense Highways has yielded for this country. I believe that it will eventually take that same kind of massive public works program to make the basic structural changes in our public transportation capital systems necessary for the country to achieve energy security.

Before we introduce our guests for this morning, I would like to state that the administration has not yet publicly announced its figures for the new budget, although we have heard many rumors concerning what the numbers might be.

The Secretary will not be able to speak directly to dollar amounts being requested in the new budget. So this subcommittee does intend to have a hearing during next week, date and time will be announced, where the Secretary has agreed to come back, so we can get into an in-depth discussion of those numbers.

The Chair will recognize the ranking minority member of the subcommittee, the gentleman from Pennsylvania, Mr. Shuster.

Mr. SHUSTER. Thank you, Mr. Chairman.

I certainly look forward to receiving the testimony of Secretary Goldschmidt, as well as of Dick Page, representing UMTA this morning, regarding the administration's proposals on H.R. 6417, regarding mass transit through fiscal year 1985.

Particularly since the Arab oil embargo, the transportation activities of this Nation have been to provide a balanced, multimodal transportation system that efficiently utilizes energy. The proposal of the administration regarding mass transportation are made in a sincere and honest effort to assist mass transit operations to provide viable and hopefully, at least, break even on the services.

One aspect of the proposal that I would be interested in knowing more about, since I represent a largely rural district, is the assertion that medium and small cities will benefit by the change in formula in H.R. 6890. People in rural areas will be much harder hit by rising fuel costs, in my view, than others in urban areas, due to the fact of having to travel substantially greater distances to and from work, as well as seeking the very services of the community.

In conclusion, as former chairman of the National Transportation Policy Commission, whose report projected the need for this transportation system through the year 2000, I had the opportunity to search in depth for answers to this Nation's transportation problems.

One of the basic conclusions was that a balanced, multimodal transportation system was absolutely essential to meet the overwhelming demands of this country over the next 20 years.

With that in mind, I would like to emphasize my desire to see the definition of balanced—it does not mean taking money away from one mode in order to provide money for another mode. Indeed, robbing Peter to pay Paul is not going to solve the transportation problems of America, but rather exacerbate them.

Thank you, Mr. Chairman.

Mr. Howard. Are there other members that seek recognition at this time?

If not, we are happy to welcome our Secretary of Transportation, Mr. Goldschmidt.

Mr. Secretary, we are looking forward to your testimony today, and for next week, when we can talk about funding levels for the programs in more depth.

We do have a copy of your statement. Without objection, that will be made a part of the record.

[The bills H.R. 6417, H.R. 6890, H.R. 6964, and the statement of Mr. Goldschmidt follow:]

I

96TH CONGRESS
2D SESSION

H. R. 6417

To authorize appropriations for the construction of certain highways in accordance with title 23 of the United States Code, for highway safety, for mass transportation in urban and in rural areas, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 5, 1980

Mr. HOWARD (for himself, Mr. JOHNSON of California, Mr. SHUSTER, Mr. ROBERTS, Mr. CLEVELAND, Mr. ANDERSON of California, Mr. CLAUSEN, Mr. ROE, Mr. HAGEDORN, Mr. MINETA, Mr. STANGELAND, Mr. NOWAK, Mr. EDGAR, Mrs. BOUQUARD, Mr. HEFNER, Mr. YOUNG of Missouri, Mr. BONIOR of Michigan, Mr. FLIPPO, Mr. RAHALL, Mr. ATKINSON, Mr. ALBOSTA, Mr. BONER of Tennessee, and Mr. EDWARDS of Alabama) introduced the following bill; which was referred to the Committee on Public Works and Transportation

---

A BILL

To authorize appropriations for the construction of certain highways in accordance with title 23 of the United States Code, for highway safety, for mass transportation in urban and in rural areas, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Surface Transportation Act of 1980".

TITLE I

SEC. 101. This title may be cited as the "Federal-Aid Highway Act of 1980".

INTERSTATE SYSTEM AUTHORIZATIONS

SEC. 102. Subsection (b) of section 108 of the Federal-Aid Highway Act of 1956 is amended by striking out "the additional sum of $3,200,000,000 for the fiscal year ending September 30, 1983," and inserting in lieu thereof the following: "the additional sum of $2,875,000,000 for the fiscal year ending September 30, 1983,".

HIGHWAY AUTHORIZATIONS

SEC. 103. Section 104(a)(1) of the Federal-Aid Highway Act of 1978 is amended by striking out "$1,800,000,000 for the fiscal year ending September 30, 1981, and $1,500,000,000 for the fiscal year ending September 30, 1982.", and inserting in lieu thereof the following: "$1,975,000,000 for the fiscal year ending September 30, 1981, and $2,175,000,000 for the fiscal year ending September 30, 1982.". Such section 104(a)(1) is further amended by striking out "$400,000,000 for the fiscal year ending September 30, 1982.", and inserting in lieu thereof the following: "$700,000,000 for the fiscal year ending September 30, 1982.".

BRIDGE PROGRAM AUTHORIZATION

SEC. 104. Section 202(6) of the Highway Safety Act of 1978 is amended by striking out "$900,000,000 for the fiscal year ending September 30, 1982.", and inserting in lieu thereof the following: "$1,500,000,000 for the fiscal year ending September 30, 1982.".

INTERSTATE SYSTEM RESURFACING AUTHORIZATION

SEC. 105. (a) Section 105 of the Federal-Aid Highway Act of 1978 is amended by inserting "(a)" immediately after "SEC. 105." and the first sentence of such section is amended by striking out "per fiscal year for each of the fiscal years ending September 30, 1982 and September 30, 1983.", and inserting in lieu thereof the following: "for the fiscal year ending September 30, 1982, and not to exceed $1,500,000,000 for the fiscal year ending September 30, 1983.".

(b) The second sentence of such section 105 is amended by striking out "Such sums" and inserting in lieu thereof the following: "In the case of such funds apportioned before October 1, 1980, such funds".

(c) Such section 105 is further amended by adding at the end thereof the following new subsections:

"(b) In the case of such funds apportioned October 1, 1980, such funds shall be obligated for projects for resurfacing, restoring, and rehabilitating those routes on the Interstate System which are not on toll roads, except that where a State certifies to the Secretary that any part of such sums are excess to the needs of such State for resurfacing, restoring, or rehabilitating Interstate System routes and the Secretary accepts such certification, such State may transfer sums apportioned to it under section 104(b)(5)(B) of title 23, United States Code, to its apportionment under section 104(b)(1) of title 23, United States Code. Such sums may also be obligated for projects for resurfacing, restoring, and rehabilitating lanes in use for more than five years on a toll road which has been designated as a part of the Interstate System if an agreement satisfactory to the Secretary of Transportation has been reached with the State highway department and any public authority with jurisdiction over such toll road prior to the approval of such project that the toll road will become free to the public upon the collection of tolls sufficient to liquidate the cost of the toll road or any bonds outstanding at the time constituting a valid lien against it, and the cost of maintenance and operation and debt service during the period of toll collections. The agreement referred to in the preceding sentence shall contain a provision requiring that if, for any reason, a toll road receiving Federal assistance under this section does not become free to the public upon collection of sufficient tolls, as specified in the preceding sentence, Federal funds used for projects on such toll road pursuant to this section shall be repaid to the Federal Treasury.

"(c) In the case of such funds apportioned on or after October 1, 1981, such funds shall be obligated for projects for reconstructing, resurfacing, restoring, and rehabilitating those routes on the Interstate System which are not on toll roads, except that where a State certifies to the Secretary that any part of such sums are excess to the needs of such State for reconstructing, resurfacing, restoring, or rehabilitating Interstate System routes and the Secretary accepts such certification, such State may transfer sums apportioned to it under section 104(b)(5)(B) of title 23, United States Code, to its apportionment under section 104(b)(1) of title 23, United States Code. Such sums may also be obligated for projects for resurfacing, restoring, and rehabilitating lanes in use for more than five years on a toll road which has been designated as a part of the Interstate System if an agreement satisfactory to the Secretary of Transportation has been reached with the State highway department and any public authority with jurisdiction over such toll road prior to the approval of such project that the toll road will become free to the public upon the collection of tolls sufficient to liquidate the cost of the toll road or any bonds outstanding at the time constituting a valid lien against it, and the cost of maintenance and operation and debt service during the period of toll collections. The agreement referred to in the preceding sentence shall contain a provision requiring that if, for any reason, a toll road receiving Federal assistance under this section does not become free to the public upon collection of sufficient tolls, as specified in the preceding sentence, Federal funds used for projects on such toll road pursuant to this section shall be repaid to the Federal Treasury.".

SUBSTITUTE PROJECTS

SEC. 106. The second sentence of section 103(e)(4) of title 23, United States Code, is amended by striking out "fixed rail", and inserting in lieu thereof the following: "bus related and fixed rail facilities eligible for grants under section 3(a)(1)(A) and section 3(a)(1)(B) of the Urban Mass Transportation Act of 1964,".

INTERSTATE COST ESTIMATES

SEC. 107. (a) Section 104(b)(5)(A) of title 23, United States Code, is amended by adding at the end thereof the following new sentence: "Notwithstanding any other provision of this subparagraph, the Secretary in making the revised estimate of the cost of completing the then designated Interstate System for the purpose of transmitting it to the Senate and House of Representatives within ten days subsequent to January 2, 1981, or thereafter, shall include only the following costs: (i) the cost of completing all routes and portions thereof on the system which are not yet open to traffic, (ii) all costs of planned and approved later stage construction, and (iii) all costs of routes and portions thereof on the system (other than toll roads) open to traffic but which have not received any substantial Interstate System funding under section 108(b) of the Federal-Aid Highway Act of 1956, as amended.".

(b) Subsection (b) of section 108 of the Federal-Aid Highway Act of 1956 is amended by adding at the end thereof of the following: "The Secretary shall not approve any project the cost of which is to be paid from funds apportioned for the fiscal year ending September 30, 1983, or thereafter, if such project is not eligible for inclusion in the estimated cost of completing the Interstate System required to be submitted to Congress by section 104(b)(5)(A) of title 23, United States Code.".

MINIMUM APPORTIONMENT FOR RESTORATION AND RESURFACING

SEC. 108. (a) Section 104(b)(5)(B) of title 23, United States Code, is amended by adding at the end thereof the following new sentence: "Notwithstanding the preceding sentence, no State shall receive less than one-half of 1 per centum of the total apportionment made by this subparagraph for any fiscal year.".

(b) The amendment made by subsection (a) of this section shall be applicable to funds apportioned for the fiscal year 1983 and thereafter.

APPORTIONMENT OF INTERSTATE SYSTEM RESURFACING FUNDS

SEC. 109. (a) Section 104(b)(5)(B) of title 23, United States Code, is amended by striking out "Seventy-five per centum" and inserting in lieu thereof "Fifty per centum" and by striking out "25 per centum" and inserting in lieu thereof "50 per centum".

(b) The amendment made by subsection (a) of this section shall take effect with respect to funds apportioned for the fiscal year 1983 and subsequent fiscal years.

CONSTRUCTION IN ADVANCE OF APPORTIONMENT

SEC. 110. Subsection (a) of section 115 of title 23, United States Code, is amended by striking out "has obligated all funds for any of the Federal-aid systems, other than the Interstate System, apportioned to it under section 104 of this title, and".

INTERSTATE SYSTEM RECONSTRUCTION

SEC. 111. (a) Subsection (a) of section 119 of title 23, United States Code, is amended by inserting "reconstruction," immediately before "resurfacing,".

(b) The first sentence of subsection (a) of section 119 of title 23, United States Code, is further amended by striking out "(other than" and all that follows down through and including the period at the end of that sentence and inserting in lieu thereof the following: "(other than toll roads). The Secretary may approve projects for resurfacing, restoring, and rehabilitating those lanes in use for more than five years on the Interstate System which are on toll roads and are subject to a Secretarial agreement provided for in section 105 of the Federal-Aid Highway Act of 1978.".

(c) Section 119 of title 23, United States Code, is amended by adding at the end thereof the following:

"(c) For the purpose of this section, the term 'reconstruction' shall have the meaning given the term 'construction' in section 101 of this title except that the term 'reconstruction' does not include building a highway on a new alignment.".

(d) The amendments made by this section shall take effect upon apportionment of funds for the fiscal year ending September 30, 1983.

INTERSTATE RESURFACING

SEC. 112. (a) The first sentence of subsection (a) of section 119 of title 23, United States Code, is amended by striking out "those lanes in use for more than 5 years" and inserting in lieu thereof the following: "those routes".

(b) The amendment made by subsection (a) of this section shall be applicable with respect to funds apportioned after September 30, 1980.

INTERSTATE SYSTEM RESURFACING—FEDERAL SHARE

SEC. 113. The last sentence of subsection (a) of section 119 of title 23, United States Code, is amended by striking out "section 120(a)" and inserting in lieu thereof "section 120(c)".

EMERGENCY RELIEF

SEC. 114. Clause (1) of the second sentence of subsection (a) of section 125 of title 23, United States Code, is amended by striking out "commencing after September 30, 1976," and inserting in lieu thereof the following: "in the period beginning October 1, 1976, and ending September 30, 1979, to carry out this section, and not more than $250,000,000 is authorized to be expended in the fiscal year ending September 30, 1980, to carry out the provisions of this section, and not more than $150,000,000 is authorized to be expended in any one fiscal year commencing after September 30, 1980,".

TRANSPORTATION SYSTEMS MANAGEMENT

SEC. 115. (a) Section 135 of title 23, United States Code, is amended to read as follows:

“§ 135. Transportation systems management

“(a) The Secretary is authorized to make grants for energy conservation projects on nontoll public roads to reduce traffic congestion and facilitate traffic flow on a Federal-aid system. Such projects shall include, but not be limited to, projects for (1) channelization of traffic, (2) improved traffic control signalization, (3) preferential treatment for mass transit and other high occupancy vehicles, (4) passenger loading areas and facilities, (5) fringe and corridor parking facilities, (6) encouragement of the use of car pools and van pools, (7) bicycle transportation, (8) separation of pedestrian and vehicular traffic, and (9) technical assistance in connection with such energy conservation projects.

“(b) The Federal share of the cost of any project under this section shall be 90 per centum. Funds apportioned under this section may, upon approval by the Secretary, be used to increase the Federal share of any project receiving Federal assistance under this title to 90 per centum of the cost of such project if such project would be eligible for a grant under this section.

“(c) On October 1 of each fiscal year the Secretary shall apportion the sums authorized to be appropriated to carry out this section among the States as follows:

"(1) three-fourths in the ratio which the population in urbanized areas in each State bears to the total population in urbanized areas in all States; and

"(2) one-fourth in accordance with the apportionment formula for the Federal-aid primary system established in section 104(b)(1) of this title.

No State shall, in any fiscal year, receive less than one-half of 1 per centum of the total apportionment made under this subsection for such fiscal year.

"(d) There is authorized to be appropriated to carry out this section not to exceed $250,000,000 for the fiscal year ending September 30, 1981; $500,000,000 for the fiscal year ending September 30, 1982; $750,000,000 for the fiscal year ending September 30, 1983; $1,000,000,000 for the fiscal year ending September 30, 1984; and $1,250,000,000 for the fiscal year ending September 30, 1985.

"(e) Except as otherwise provided in this section, the provisions of chapter 1 of this title, other than those provisions determined by the Secretary to be inconsistent with this section, shall be applicable to projects under this section.".

(b) The analysis of chapter 1 of title 23, United States Code, is amended by striking out

"135. Traffic operations improvement programs."

and inserting in lieu thereof:

"135. Traffic systems management.".

(c) The second sentence of subsection (a) of section 116 of title 23, United States Code, is hereby repealed.

BRIDGE REPLACEMENT APPORTIONMENT

SEC. 116. (a) The second sentence of subsection (e) of section 144 of title 23, United States Code, is amended by striking out "September 30, 1980, September 30, 1981, and September 30, 1982,", and inserting in lieu thereof the following: "and September 30, 1980,".

(b) Subsection (e) of section 144 of title 23, United States Code, is further amended by adding at the end of the second sentence thereof the following: "Funds authorized to carry out this section for the fiscal year ending September 30, 1981, shall be apportioned to the States in accordance with table of committee print of the Committee on Public Works and Transportation of the House of Representatives. By January 1, 1981, the Secretary shall submit to Congress an estimated cost of replacing or rehabilitating unsafe bridges in each State (both on and off the Federal-aid systems), and upon approval by Congress, the Secretary shall use the Federal share of such approved estimate in making apportionments under this subsection for the fiscal year ending September 30, 1982, and September 30, 1983.".

ENERGY IMPACTED RAIL AND HIGHWAY TRANSPORTATION

SEC. 117. (a) Chapter 1 of title 23, United States Code, is amended by adding at the end thereof the following new section:

"§ 157. Energy impacted rail and highway transportation

"(a) The Secretary is authorized to make grants to reconstruct, resurface, restore, and rehabilitate nontoll public roads which have incurred a substantial increase in use as a result of transportation activities to meet national energy requirements and will continue to incur such use. In the case of any road with respect to which Federal financial assistance is provided under this subsection, the geometric and construction standards established under section 109 of this title for the Federal-aid secondary system, except those standards which the Secretary determines are not appropriate, shall apply to the reconstruction, resurfacing, restoration, or rehabilitation of such road.

"(b) The Secretary is authorized to make grants for transportation projects which will alleviate the environmental, social, and economic impact of increased train traffic to meet national energy requirements in communities located along rail corridors incurring such increased traffic. Such projects may include, but are not limited to, low-cost systems management methods, grade crossing separation, and rail line and highway relocation. A project for elimination of a railroad crossing by relocation of a rail line may receive financial assistance under this section only if the Secretary determines that the cost of such project (1) is less than the cost of relocation of the highway, and (2) is less than the cost of grade separation between the highway and the railroad. In the case of any transportation project other than a low-cost systems management improvement financial assistance may only be provided under this subsection if the Secretary is satisfied that low-cost systems management improvements were considered before consideration of such project and other more costly improvements.

"(c) The Federal share of the cost of any project under this section shall be 80 per centum.

"(d) The provisions of this chapter, other than those provisions which the Secretary determines are inconsistent with the section, shall apply to projects under this section.

"(e) Taking into account both railroad and highway needs, the Secretary shall establish, by regulation, a formula for apportionment of funds authorized to be appropriated under this section among the States. No State shall, in any fiscal year, receive less than one-half of 1 per centum or more than 12 per centum of the total apportionment made under this subsection for such fiscal year.

"(f) There is authorized to be appropriated to carry out this section not to exceed $250,000,000 for the fiscal year ending September 30, 1981, $300,000,000 for the fiscal year ending September 30, 1982, $350,000,000 for the fiscal year ending September 30, 1983, $400,000,000 for the fiscal year ending September 30, 1984, and $450,000,000 for the fiscal year ending September 30, 1985.”.

(b) The analysis of chapter 1 of title 23, United States Code, is amended by adding at the end thereof

“157. Energy impacted rail and highway transportation.”.

EXPENDITURES FOR COMPLETING GAPS

Sec. 118. Section 102 of the Federal-Aid Highway Act of 1976 is amended by adding at the end thereof the following new subsection:

“(c)(1) At least 30 per centum of the apportionment made to each State for the fiscal year ending September 30, 1982, of the funds authorized in section 108(b) of the Federal-Aid Highway Act of 1956 shall be expended by such State for projects for the construction of routes on the Interstate System which are not open to traffic.

“(2) A State which does not have sufficient projects to meet the 30 per centum requirement of paragraph (1) of this subsection may, upon approval of the Secretary of Transportation, be exempt from the requirements of such paragraph to the extent of such inability.”.

SAFER OFF-SYSTEM ROADS APPROPRIATION

SEC. 119. Paragraph (17) of subsection (a) of section 104 of the Federal-Aid Highway Act of 1978 is amended by striking out "September 30, 1980, September 30, 1981, and September 30, 1982.", and by inserting in lieu thereof the following: "and September 30, 1980, and, out of the Highway Trust Fund, $200,000,000 per fiscal year for each of the fiscal years ending September 30, 1981, and September 30, 1982.".

PRIORITY PRIMARY SET-ASIDE

SEC. 120. Subsection (c) of section 104 of the Federal-Aid Highway Act of 1978 is amended to read as follows:

"(c) In the case of priority primary routes, $125,000,000 per fiscal year of the sums authorized for each of the fiscal years ending September 30, 1979, and September 30, 1980, and $300,000,000 per fiscal year of the sums authorized for each of the fiscal years ending September 30, 1981, and September 30, 1982, by subsection (a)(1) of this section for such routes shall not be apportioned. The amount which is not apportioned in accordance with the first sentence of this subsection shall be available for obligation on the date of apportionment of funds for each such fiscal year in the same manner and to the same extent as the sums apportioned on such date, except that such unapportioned amount shall be available for obligation at the discretion of the Secretary of Transportation only for projects of unusually high cost or which require long periods of time for their construction. Any part of such unapportioned amount not obligated by such Secretary on or before the last day of the fiscal year for which authorized shall be immediately apportioned in the same manner as funds apportioned for the next succeeding fiscal year for primary system routes, and available for obligation for the same periods as such apportionment.".

CAR POOLS AND VAN POOLS AUTHORIZATION

SEC. 121. Subsection (f) of section 126 of the Federal-Aid Highway Act of 1978 is amended by striking out "and $1,000,000 for the fiscal year ending September 30, 1981", and inserting in lieu thereof the following: "$1,000,000 for the fiscal year ending September 30, 1981, and $1,000,000 for the fiscal year ending September 30, 1982,", and by striking out "and $9,000,000 for the fiscal year ending September 30, 1980," and inserting in lieu thereof the following: "$9,000,000 for the fiscal year ending September 30, 1980, $10,000,000 for the fiscal year ending September 30, 1981, and $10,000,000 for the fiscal year ending September 30, 1982,".

HOLD HARMLESS

SEC. 122. (a) Notwithstanding any other provision of law, the amount that any State receives for the fiscal year ending September 30, 1983, as a result of any apportionment made under paragraph (5) of subsection (b) of section 104 of title 23, United States Code, shall not be less than the apportionments made to such State under such paragraph for the fiscal year ending September 30, 1982.

(b) For the purposes of this section, the term "State" shall have the same meaning as is given it in section 101 of title 23, United States Code.

OBLIGATION LIMITATION

SEC. 123. (a) Notwithstanding any other provision of law, the total of all obligations for Federal-aid highways and highway safety construction programs for fiscal year 1980 shall not exceed $10,000,000,000, for fiscal year 1981 shall not exceed $10,500,000,000, and for fiscal year 1982 shall not exceed $11,000,000,000. These limitations shall not apply to obligations for emergency relief under section 125 of title 23, United States Code.

(b) Notwithstanding the limitations contained in subsection (a) of this section, the Secretary shall not in any way control—

(1) the rate of obligation of any limitation by allocation of such limitation or in any other manner; and

(2) by priority or otherwise, programs or projects eligible for Federal financial assistance from those funds for which such programs and projects which are subject to such limitation, if such programs or projects

are otherwise eligible for such assistance under title 23, United States Code, or any other applicable provision of law.

TITLE II

SEC. 201. This title may be cited as the "Federal Public Transportation Act of 1980".

DISCRETIONARY GRANT OR LOAN AUTHORIZATIONS

SEC. 202. (a) The first sentence of section 4(c)(3)(A) of the Urban Mass Transportation Act of 1964 is amended by striking out "$1,515,000,000" and all that follows down through and including the period at the end thereof and inserting in lieu thereof the following: "$2,515,000,000 for the fiscal year ending September 30, 1981; $2,750,000,000 for the fiscal year ending September 30, 1982; $3,000,000,000 for the fiscal year ending September 30, 1983; $3,300,000,000 for the fiscal year ending September 30, 1984; $3,600,000,000 for the fiscal year ending September 30, 1985; and $4,750,000,000 for new rail transportation systems, rail extensions, and automated fixed guideways for the period beginning October 1, 1985, through September 30, 1990.".

(b) Such section 4(c)(3) is further amended by adding at the end thereof the following new subparagraphs:

"(E) Of the total sums appropriated pursuant to subparagraph (A) in each of the fiscal years hereafter referred to, not more than the amount hereafter referred to shall be available for grants and loans for new rail transportation systems, rail extensions, and automated fixed guideways: $600,000,000 for the fiscal year ending September 30, 1981; $650,000,000 for the fiscal year ending September 30, 1982; $710,000,000 for the fiscal year ending September 30, 1983; $770,000,000 for the fiscal year ending September 30, 1984; $840,000,000 for the fiscal year ending September 30, 1985; and $4,750,000,000 for the period beginning October 1, 1985, and ending September 30, 1990.

"(F) In any fiscal year beginning after September 30, 1980, not less than 5 per centum of the sums appropriated pursuant to subparagraph (A) of this paragraph for grants and loans under section 3 of this Act shall be obligated for projects in urbanized areas having populations of less than two hundred thousand and in areas other than urbanized areas.".

GRANTS FOR TRANSPORTATION CENTERS

SEC. 203. Section 4(d) of the Urban Mass Transportation Act of 1964 is amended by striking out "and September 30, 1982," and inserting in lieu thereof "September 30, 1982, September 30, 1983, September 30, 1984, and September 30, 1985,".

FORMULA GRANT PROGRAM AUTHORIZATIONS

SEC. 204. Section 4(e) of the Urban Mass Transportation Act of 1964 is amended by striking out "and $120,000,000 for the fiscal year ending September 30, 1982." and inserting in lieu thereof "$125,000,000 for the fiscal year ending September 30, 1982; $140,000,000 for the fiscal year ending September 30, 1983; $160,000,000 for the fiscal year ending September 30, 1984; and $185,000,000 for the fiscal year ending September 30, 1985.".

ADMINISTRATIVE AND OTHER EXPENSES

SEC. 205. Section 4(f) of the Urban Mass Transportation Act of 1964 is amended by striking out "and $105,000,000 for the fiscal year ending September 30, 1982." and inserting in lieu thereof the following: "$175,000,000 for the fiscal year ending September 30, 1982; $190,000,000 for the fiscal year ending September 30, 1983; $210,000,000 for the fiscal year ending September 30, 1984; and $230,000,000 for the fiscal year ending September 30, 1985.".

URBAN MASS TRANSIT GRANT AUTHORIZATIONS

SEC. 206. Section 5(a) of the Urban Mass Transportation Act of 1964 is amended as follows:

(1) Paragraph (1)(B) is amended by striking out "in each fiscal year ending September 30, 1981, and September 30, 1982." and inserting in lieu thereof the following: "for the

fiscal year ending September 30, 1981; $950,000,000 for the fiscal year ending September 30, 1982; $1,010,000,000 for the fiscal year ending September 30, 1983; $1,080,000,000 for the fiscal year ending September 30, 1984; and $1,155,000,000 for the fiscal year ending September 30, 1985.”.

(2) Paragraph (2)(C) is amended by striking out “and $250,000,000 for the fiscal year ending September 30, 1982.” and inserting in lieu thereof the following: “$300,000,000 for the fiscal year ending September 30, 1982; $360,000,000 for the fiscal year ending September 30, 1983; $430,000,000 for the fiscal year ending September 30, 1984; and $505,000,000 for the fiscal year ending September 30, 1985.”.

(3) Paragraph (3)(B) is amended by striking out “and $160,000,000 for the fiscal year ending September 30, 1982.” and inserting in lieu thereof the following: “$185,000,000 for the fiscal year ending September 30, 1982; $210,000,000 for the fiscal year ending September 30, 1983; $235,000,000 for the fiscal year ending September 30, 1984; and $260,000,000 for the fiscal year ending September 30, 1985.”.

(4) Paragraph (4)(B) is amended by striking out “and” and by striking out the period at the end thereof and inserting in lieu thereof a semicolon and the following: “$500,000,000

for the fiscal year ending September 30, 1983; $550,000,000 for the fiscal year ending September 30, 1984; and $600,000,000 for the fiscal year ending September 30, 1985.".

URBAN MASS TRANSIT APPROPRIATION AVAILABILITY

SEC. 207. Section 5(c)(3) of the Urban Mass Transportation Act of 1964 is amended to read as follows:

"(3) Appropriations pursuant to the authority of this section may be in an appropriations Act for a fiscal year preceding the fiscal year in which the appropriation is to be available for obligation and shall be available until expended.".

FARES FOR ELDERLY AND HANDICAPPED PERSONS

SEC. 208. Section 5(m) of the Urban Mass Transportation Act of 1964 is amended by adding at the end thereof the following: "For the purpose of this subsection and as a condition of assistance under this Act, any person who when boarding or paying mass transit fares, presents a medicare card duly issued to that person pursuant to title II or title XVIII of the Social Security Act shall receive the benefit of the rates established pursuant to this subsection for elderly or handicapped persons.".

TERMINAL DEVELOPMENT AUTHORIZATION

SEC. 209. Section 21(d) of the Urban Mass Transportation Act of 1964 is amended by striking out "and September

30, 1982." and inserting in lieu thereof the following "September 30, 1982, September 30, 1983, September 30, 1984, and September 30, 1985.".

INTERCITY BUS SERVICE AUTHORIZATION

SEC. 210. Section 22(c) of the Urban Mass Transportation Act of 1964 is amended by striking out "and September 30, 1982." and inserting in lieu thereof the following: "September 30, 1982, September 30, 1983, September 30, 1984, and September 30, 1985.".

LETTER OF INTENT

SEC. 211. Section 3(a)(4) of the Urban Mass Transportation Act of 1964 is amended by inserting immediately after the first sentence thereof the following: "At least thirty days prior to the issuance of a letter of intent under this paragraph, the Secretary shall notify, in writing, the Committee on Public Works and Transportation of the House of Representatives, and the Committee on Banking, Housing, and Urban Affairs of the Senate, of the proposed issuance of such letter of intent.".

MAINTENANCE OF EFFORT

SEC. 212. The first sentence of section 5(f) of the Urban Mass Transportation Act of 1964 is amended by striking out "and apportioned for fiscal years ending prior to October 1, 1981,".

DEFINITIONS

SEC. 213. Section 12(c)(2) of the Urban Mass Transportation Act of 1964 is amended by inserting immediately after "separate right-of-way" the following: "or rails", and by striking out the semicolon at the end of such paragraph (2) and inserting in lieu thereof a comma and the following: "and also means a public transportation facility which uses a fixed catenary system and utilizes a right-of-way usable by other forms of transportation;".

COMMUTER RAIL PASSENGER SERVICE

SEC. 214. The Urban Mass Transportation Act of 1964 is amended by adding at the end thereof the following new section:

"COMMUTER RAIL PASSENGER SERVICE

"SEC. 23. (a) The Secretary shall provide financial assistance through grants to States, local public bodies, and agencies thereof, for payment of costs incurred by such States, local public bodies, and agencies, for the continuation through the fiscal year ending September 30, 1983, of that rail passenger service which is required by section 403(d)(2) of the Rail Passenger Service Act to be operated until April 1, 1981, by the National Railroad Passenger Corporation created under title III of the Rail Passenger Service Act.

"(b) Financial assistance provided pursuant to subsection (a) of this section shall be subject to such terms, conditions, requirements, and provisions as the Secretary may deem necessary and appropriate with such reasonable exceptions to requirements and provisions otherwise applicable under this Act as the Secretary may deem required by the nature of the assistance authorized by this section, except that nothing in this section shall authorize the Secretary to waive the provisions of section 13(c) of this Act.

"(c) The Federal share of the operating costs of any rail passenger service for which grants are authorized by this section shall be as follows:

"(1) 100 per centum for the period April 1, 1981, through September 30, 1981;

"(2) 90 per centum for the fiscal year ending September 30, 1982; and

"(3) 80 per centum for the fiscal year ending September 30, 1983.

"(d) The terms and provisions which are applicable to assistance provided pursuant to this section shall be consistent, insofar as practicable, with the terms and provisions applicable to operating assistance under section 5 of this Act.

"(e) Any rail passenger service for which assistance is authorized under this section shall not be eligible for assistance under section 5 of this Act and such service shall not be construed to be commuter rail service or fixed guideway system service for purposes of section 5(a)(3)(A) of this Act before October 1, 1983.

"(f) There is authorized to be appropriated to carry out this section not to exceed $2,000,000 for the fiscal year ending September 30, 1981; $5,000,000 for the fiscal year ending September 30, 1982; and $5,000,000 for the fiscal year ending September 30, 1983.".

WATERBORNE TRANSPORTATION DEMONSTRATION PROJECT

SEC. 215. (a) The Secretary of Transportation shall carry out a demonstration project using high-speed waterborne transportation equipment and facilities and operating in, and in the vicinity of, Portland, Oregon, for the purpose of determining the feasibility of utilizing this technology in providing certain public mass transportation service. The Secretary shall report to Congress the results of such project no later than September 30, 1983, together with his recommendations.

(b) There is authorized to be appropriated to carry out the provisions of subsection (a) not to exceed $25,000,000. Sums appropriated under this section are authorized to remain available until expended.

I

96TH CONGRESS
2D SESSION

H. R. 6890

To amend the Urban Mass Transportation Act of 1964 to provide for authorizations, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

MARCH 20, 1980

Mr. JOHNSON of California (by request) introduced the following bill; which was referred to the Committee on Public Works and Transportation

---

A BILL

To amend the Urban Mass Transportation Act of 1964 to provide for authorizations, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act be divided into sections according to the following table of contents.

TABLE OF CONTENTS

Sec. 101. Short title.
Sec. 102. Amendments to discretionary grant program.
Sec. 103. Program authorizations.
Sec. 104. Amendments to formula program for urbanized areas.
Sec. 105. Revised fixed guideway definition.
Sec. 106. Amendment to formula program for nonurbanized areas.
Sec. 107. Safety criteria.

SHORT TITLE

SEC. 101. This Act may be cited as the "Public Transportation Amendments of 1980".

AMENDMENTS TO DISCRETIONARY GRANT PROGRAM

SEC. 102. (a) The Urban Mass Transportation Act of 1964 as amended (the "Act") is amended by striking subparagraph 3(a)(1)(E) and subparagraph 4(c)(3)(C).

(b)(1) Section 3(a) of the Act is amended by adding at the end thereof the following new paragraph:

"(5)(A) The Secretary is authorized to purchase buses and related equipment for use in public transportation service with funds authorized under section 4(c)(3)(C) and with funds made available under this paragraph. Such funds shall remain available until expended. These purchases may be undertaken directly or through the use of a Federal purchasing authority. These purchases will be made based upon projections of the needs of States and local public bodies and will consider costs in addition to initial acquisition costs.

"(B) The Secretary is authorized to make grants of these buses and related equipment to States and local public bodies. A grant under this paragraph must comply with statutory requirements that are applicable to grants under section 3, except as otherwise provided under this paragraph.

"(C) The State or local public body which receives a grant of buses and related equipment under this paragraph must provide at least 20 percent of the net project cost in cash or in-kind contributions. Cash shall be returned to the Urban Mass Transportation Fund and shall be available for the purposes of this paragraph when so provided in an appropriations Act.

"(D) In an urbanized area, the Secretary may make a grant under this paragraph only after reducing the apportionments available to that area under section 5(a)(4) by an amount that would be reasonably available under that section to purchase buses and related equipment.".

(2) Section 4(c)(3) of the Act is amended by inserting a new subparagraph following section 4(c)(3)(B) to read as follows:

"(C) In each fiscal year, not more than $150,000,000 of the sums appropriated pursuant to subparagraph (A) shall be available for the purposes of section 3(a)(5).".

PROGRAM AUTHORIZATIONS

SEC. 103. (a) The first sentence of section 4(c)(3)(A) of the Act is amended by striking out "$1,410,000,000" and all that follows down through and including the period at the end thereof and inserting in lieu thereof the following: "$2,360,000,000 for the year ending September 30, 1980; $2,490,000,000 for the year ending September 30, 1981; $2,625,000,000 for the year ending September 30, 1982;

$2,775,000,000 for the year ending September 30, 1983; $2,930,000,000 for the year ending September 30, 1984; and $3,090,000,000 for the year ending September 30, 1985.".

(b) Section 4(e) of the Act is amended by striking out "and $120,000,000 for the year ending September 30, 1982." and inserting in lieu thereof "$120,000,000 for the year ending September 30, 1982; $130,000,000 for the year ending September 30, 1983; $140,000,000 for the year ending September 30, 1984; and $150,000,000 for the year ending September 30, 1985.".

(c) Effective October 1, 1981, section 4(f) of the Act is amended to read as follows:

"(f)(1) There are authorized to be appropriated for administrative costs, including salaries and expenses necessary to carry out the functions of this Act, such sums as may be necessary.

"(2) There are authorized to be appropriated to carry out the purposes of sections 6, 10, and 11(a) of this Act aggregate sums not to exceed $85,000,000 by September 30, 1982; $175,000,000 by September 30, 1983; $270,000,000 by September 30, 1984; and $370,000,000 by September 30, 1985. Sums appropriated under this paragraph shall remain available until expended.".

(d) Section 4 of the Act is amended by adding at the end thereof the following new subsection:

"(j) In any fiscal year not more than $15,000,000 of the funds appropriated in that fiscal year pursuant to subparagraph 4(c)(3)(A) may be used for the purposes of section 20, including related administrative costs.".

(e) Section 4(h)(2) of the Act is amended to read as follows:

"(2) On or before March 1, 1982, the Secretary shall report to Congress on authorization requests for sections 3 and 5 of this Act for fiscal years 1984 through 1987. On or before March 1, 1984, the Secretary shall report to Congress on authorization requests for sections 3 and 5 of this Act for fiscal years 1986 through 1989. Such authorization requests shall contain a description and analysis of the methods used and the assumptions relied upon by the Secretary.".

AMENDMENTS TO FORMULA PROGRAM FOR URBANIZED AREAS

SEC. 104. (a) Amendments made by this section shall become effective on October 1, 1981, except that the amendment made by section 104(e)(1) shall be effective on October 1, 1980.

(b) Section 5(a)(1) of the Act is amended to read as follows:

"(1)(A) To make grants and loans for construction or operating assistance purposes under this subsection, the Secretary shall apportion for expenditure in each fiscal year, the sums appropriated pursuant to subparagraph (C). Urbanized areas will be entitled to receive an apportionment which is the greater of the apportionment under the formula of subparagraph (B) or the hold-harmless apportionment calculated under section 5(a)(2).

"(B) The apportionment for each urbanized area under this subparagraph shall be an amount equal to the sum of—

"(i) one-half of the amount to be apportioned under this subparagraph multiplied by the ratio which the population of the urbanized area, as designated by the Bureau of the Census, bears to the total population of all urbanized areas in all the States as shown by the latest available Federal census; and

"(ii) one-half of the amount to be apportioned under this subparagraph multiplied by the ratio which the number of revenue vehicle miles directly serving the urbanized area, as determined by the Secretary, bears to the total number of revenue vehicle miles directly serving all urbanized areas.

"(C) There are authorized to be appropriated for the purposes of this paragraph $1,190,000,000 for the fiscal year ending September 30, 1982; $1,290,000,000 for the fiscal year ending September 30, 1983; $1,390,000,000 for the fiscal year ending September 30, 1984; and $1,490,000,000 for the fiscal year ending September 30, 1985.".

(c) Section 5(a)(2) of the Act is amended to read as follows:

"(2) The Secretary shall calculate hold-harmless apportionments for urbanized areas. The hold-harmless apportionments shall be calculated based on the latest available Federal census and shall be the sums of the amounts calculated using the formulas of sections 5(a)(1)(A) and 5(a)(2)(A), as they were enacted by section 304 of Public Law 95-599, and the appropriation levels for such sections from the appropriations Act for fiscal year 1981.".

(d) Section 5(a)(3)(B) of the Act is amended by striking out "and" and all that follows down through and including the period at the end thereof and inserting in lieu thereof the following: "; $160,000,000 for the fiscal year ending September 30, 1982; $160,000,000 for the fiscal year ending September 30, 1983; $160,000,000 for the fiscal year ending September 30, 1984; and $160,000,000 for the fiscal year ending September 30, 1985.".

(e) Section 5(a)(4) of the Act is amended as follows:

(1) Paragraph (4)(A) is amended by striking out the second sentence and inserting in lieu thereof the following sentence: "Such sums shall be made availa-

ble for expenditure in urbanized areas on the basis of a formula under which urbanized areas will be entitled to receive an amount equal to the amount so apportioned multiplied by the ratio which the number of bus revenue vehicle miles directly serving the urbanized area, as determined by the Secretary, bears to the total number of bus revenue vehicle miles directly serving all urbanized areas.".

(2) Paragraph (4)(B) is amended by striking out "and" and inserting after "1982" the following: "; $475,000,000 for the fiscal year ending September 30, 1983; $475,000,000 for the fiscal year ending September 30, 1984; and $475,000,000 for the fiscal year ending September 30, 1985.".

(f) Section 5(a) of the Act is amended by adding at the end thereof the following new paragraph:

"(5)(A) To make incentive grants under this subsection to urbanized areas, the Secretary shall apportion in each fiscal year beginning after September 30, 1982, the sums appropriated pursuant to subparagraph (C). An incentive grant shall be 7.5 percent of the urbanized area's apportionment under paragraphs (1)(A) and (3)(A) if the urbanized area qualifies for an incentive grant under either subparagraph (B)(i) or (B)(ii) and a total of 10 percent of such apportionment if it qualifies under both subparagraph (B)(i) and (B)(ii).

Incentive grants under this paragraph shall be supplementary to, and not in substitution for, sums otherwise available under this Act. Such grants shall not be subject to the local share requirements of this Act and may be used by the recipient for any purpose which would be eligible for funding under this Act.

"(B)(i) An urbanized area will receive an incentive grant apportionment if the ridership increase compared to the previous year exceeds 5 percent.

"(ii) An urbanized area will receive an incentive grant apportionment if the ratio of operating revenues to eligible operating expenses exceeds the national median of such ratios as determined by the Secretary.

"(C) There are authorized to be appropriated for the purposes of this paragraph such sums as may be necessary.".

(g) Section 5(e) of the Act is amended as follows:

(1) Insert "(1)" immediately following "(e)".

(2) Strike out the second sentence.

(3) Insert at the end, thereof, the following new paragaraph:

"(2) The total Urban Mass Transportation Act grant for any year for the payment of operating expenses under sections 5(a)(1) and 5(a)(3) shall not exceed the following percentage of eligible operating expenses: 43 percent for the local fiscal year ending before October 1, 1982; 40 percent for the local fiscal year ending before October 1, 1983; 37 percent for the local fiscal year ending before October 1, 1984; and 34 percent for the local fiscal year ending before October 1, 1985. The remainder of the operating expenses shall be provided from sources which include revenues from the operation of public mass transportation systems and non-Federal subsidies and may include sums from other Federal grant programs.".

REVISED FIXED GUIDEWAY DEFINITION

SEC. 105. Section 12(c)(2) is amended to read as follows:

"(2) the term 'fixed guideway' means a guideway used by public transportation which is dedicated for use exclusively by railcars, buses, or other high occupancy vehicles. It includes facilities using rail, catenary, dedicated bus lanes, and automated guideways;".

AMENDMENTS TO FORMULA PROGRAM FOR NONURBANIZED AREAS

SEC. 106. Section 18(a) is amended by inserting after the second sentence the following: "Each State (other than the Commonwealths of Puerto Rico and the Northern Mariana Islands, Guam, American Samoa, and the Virgin Islands) that contains an area other than an urbanized area shall receive in each fiscal year an amount which is at least 1 percent of the sums appropriated for such fiscal years pursuant to this subsection.".

SAFETY CRITERIA

SEC. 107. Section 107 of the National Mass Transportation Assistance Act of 1974 is repealed and the Urban Mass Transportation Act is amended to add the following new section:

"SAFETY CRITERIA AND DETERMINATIONS

"SEC. 23. (a) Notwithstanding the provisions of section 12(d), the Secretary is authorized to establish safety criteria and standards for use during the investigation of unsafe conditions in any facility, equipment, or manner of operation of any transit system financed under this Act.

"(b) The Secretary shall investigate unsafe conditions in any facility, equipment, or manner of operation of any transit system financed under this Act which create a serious hazard of death or injury for the purposes of determining the nature and extent of the conditions and the means which might best be employed to eliminate or correct them. If the Secretary determines that any facility, equipment, or manner of operation is unsafe, he shall require the State or local public body or agency to submit to the Secretary a plan for correcting the unsafe facility, equipment, or manner of operation, and the Secretary may withhold further financial assistance to the applicant until such plan is approved or the approved plan is implemented.".

I

96TH CONGRESS
2D SESSION

H. R. 6964

To amend title 23 of the United States Code to allow the Secretary of Transportation to make grants and loans for carpooling and vanpooling programs and to establish a National Office of Ridesharing.

IN THE HOUSE OF REPRESENTATIVES

MARCH 28, 1980

Mr. EDGAR (for himself, Mr. MINETA, Mr. FITHIAN, Mr. FAZIO, Mr. KOSTMAYER, Mr. NOWAK, Mr. LUNDINE, Mr. LAFALCE, Mr. MOAKLEY, Mr. WOLPE, Mr. BROWN of California, Mr. EDWARDS of California, Mr. WOLFF, Mr. PORTER, Mr. BEDELL, Mr. DOWNEY, Mr. MOFFETT, Mr. CARR, Mr. MAGUIRE, Mr. ATKINSON, Mr. SHARP, Mr. GRAY, and Mr. BONIOR of Michigan) introduced the following bill; which was referred to the Committee on Public Works and Transportation

---

A BILL

To amend title 23 of the United States Code to allow the Secretary of Transportation to make grants and loans for carpooling and vanpooling programs and to establish a National Office of Ridesharing.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "National Ridesharing Act of 1980".

SEC. 2. Section 146 of title 23, United States Code, is amended to read as follows:

"§146. Carpool and vanpool projects

"(a) It is hereby declared to be a national policy that special effort should be made to promote commuter forms of transportation which conserve energy, reduce pollution, and reduce traffic congestion. The Secretary shall assist both public and private employers and employees who wish to establish carpooling and vanpooling programs where they are needed and desired and shall assist local and State governments, and their instrumentalities, in encouraging such modes of transportation by removing legal and regulatory barriers to such programs, supporting existing carpooling and vanpooling programs, and providing technical assistance for the purpose of increasing participation in such modes.

"(b) In order to conserve fuel, decrease traffic congestion during rush hours, improve air quality, and enhance the use of existing highways and parking facilities, the Secretary may approve for Federal financial assistance from funds apportioned under sections 104(b)(1), 104(b)(2), and 104(b)(6) of this title, projects designed to encourage the use of carpools and vanpools. Such a project may include such measures as providing carpooling and vanpooling opportunities to the elderly and handicapped, systems for locating potential riders and informing them of convenient carpooling and vanpooling opportunities, acquiring vehicles appropriate for carpool and vanpool use, designating existing highway lanes as preferential carpool or vanpool highway lanes, providing related traffic control devices, and designating existing facilities for use as preferential parking for carpools and vanpools.

"(c) The Secretary may make grants and loans to States, counties, municipalities, metropolitan planning organizations, other units of local and regional government, and recipients of any financial assistance under section 3 or 5 of the Urban Mass Transportation Act of 1964 (49 U.S.C. 1602 or 1604) consistent with the policy of subsection (a). Such grants and loans shall be awarded in a manner which emphasizes energy conservation, although the Secretary may use other factors as deemed appropriate. The Federal share of the costs of any project approved under this subsection shall not exceed 75 per centum. No grant awarded under this subsection may be used for the purchase or lease of vehicles, or for the construction of highway lanes as preferential carpool or vanpool highway lanes, or for the construction of parking facilities.

"(d)(1) A project authorized by this section shall be subject to and carried out in accordance with all provisions of this title, except those provisions which the Secretary determines are inconsistent with this section.

"(2) The Secretary shall not approve any project under this section which will have an adverse effect on any mass transportation system.

"(e) The Secretary shall establish, in the Department of Transportation a National Office of Ridesharing, directly responsible to the Secretary, which shall coordinate all carpooling and vanpooling activities within the Department of Transportation and which shall—

"(1) set national goals for the reduction through the use of carpools and vanpools of pollution and traffic and for the conservation of motor fuel;

"(2) compile statistics related to carpooling and vanpooling;

"(3) perform economic analyses with respect to carpools and vanpools;

"(4) promote carpools and vanpools at State, local, and national levels;

"(5) provide technical assistance to facilitate carpooling and vanpooling activities;

"(6) respond to inquiries from the public related to carpooling and vanpooling;

"(7) report to the Congress concerning developments in carpooling and vanpooling, activities of the National Office of Ridesharing, and national carpooling and vanpooling trends;

"(8) evaluate the national impacts of carpooling and vanpooling programs and assure that all steps are taken in cooperation with other departments and agencies of the Federal Government to eliminate any potentially adverse impact which such programs may have on other transportation modes;

"(9) identify local, State, and Federal laws, regulations, and policies which are obstacles to the expansion of carpooling and vanpooling opportunities and programs; and

"(10) recommend legislation to the Congress to achieve the goals and purposes of this section.

"(f) The Secretary shall submit to the President and the Congress not later than the date occurring twelve months after the date of the enactment of this subsection, and each date occurring twelve months after such date, a report on the operation of this section. Each such report shall include—

"(1) an estimate of the motor fuel conserved and the pollution reduced because of the operation of this section;

"(2) an analysis of State, local, and private participation in carpools and vanpools;

"(3) a description of carpooling and vanpooling programs undertaken by States, localities, and recipients of financial assistance under this section; and

"(4) recommendations for legislation to carry out this section.".

SEC. 3. Section 134 of title 23, United States Code, is amended—

(1) by redesignating subsections (b) and (c) as subsections (c) and (d), respectively; and

(2) by inserting after subsection (a) the following new subsection:

"(b) The Secretary shall not approve after January 1, 1982, the granting of any financial assistance under section 146 of this title to be used in any urban area of more than fifty thousand population unless the Secretary finds that such assistance is based on a continuing comprehensive transportation planning process carried on cooperatively by States and local communities in conformance with the objectives of this section.".

SEC. 4. Section 126 of the Federal-Aid Highway Act of 1978 is amended—

(1) by striking out subsections (d), (e), (f), and (g);

(2) by redesignating subsection (h) as subsection (d); and

(3) by inserting after subsection (d) (as redesignated by paragraph (2)) the following new subsection:

"(e)(1) There is authorized to be appropriated from the Highway Trust Fund $1,000,000 for the fiscal year ending on September 30, 1979, $1,000,000 for the fiscal year ending on September 30, 1980, $1,500,000 for the fiscal year ending on September 30, 1981, and $1,500,000 for the fiscal year ending on September 30, 1982, for expenditures incurred by the Secretary of Transportation in carrying out section 146(a) of title 23, United States Code.

"(2) There is authorized to be appropriated from the Highway Trust Fund $3,000,000 for the fiscal year ending on September 30, 1979, $9,000,000 for the fiscal year ending on September 30, 1980, $20,000,000 for the fiscal year ending on September 30, 1981, and $20,000,000 for the fiscal year ending on September 30, 1982, to carry out section 146(c) of title 23, United States Code.

"(3) In addition, to the extent authorized by Acts governing the use of funds available in the windfall profits tax account, such funds shall be available, as provided in appropriation Acts, to carry out this section, except that—

"(A) Not more than $5,000,000 of such funds shall be available for the fiscal year ending on September 30, 1982; and

"(B) Not more than $10,000,000 of such funds shall be available for the fiscal year ending on September 30, 1982, to carry out section 146(c) of title 23, United States Code.".

STATEMENT OF SECRETARY OF TRANSPORTATION NEIL GOLDSCHMIDT BEFORE THE HOUSE PUBLIC WORKS AND TRANSPORTATION COMMITTEE, SUBCOMMITTEE ON SURFACE TRANSPORTATION, CONCERNING LEGISLATIVE PROPOSALS FOR PUBLIC TRANSPORTATION, MARCH 26, 1980

Mr. Chairman and Members of the Subcommittee:

I am pleased to be here today to discuss with you the Administration's legislative proposals for public transportation and auto use management and the legislation which you and others on the Committee have cosponsored in the same area. I would also like to take this opportunity to outline how the new budgetary constraints facing this Nation will affect the programs and operations of the Department of Transportation.

Mr. Chairman, the demands on transit have grown dramatically in the last decade, as Americans have come to recognize the new realities of energy and economy in transportation. But while transit has changed significantly, the approach to Federal assistance has not kept pace -- it has not changed to reflect the fundamental role of transit in the movement of people and the conservation of energy. The Administration bill proposes to update Federal transit legislation so that it supports our vision of mass transit as a more productive, more conserving, more efficient and more effective force in this country's transportation system.

We believe that the time for these initiatives is right. For 30 years, from the mid-40's to the mid-70's, transit was a second class citizen in a transportation system dominated by the auto. But now this has changed and changed for good. Transit is now recognized as a vital part of our national mobility and energy strategy. The efforts of this Subcommittee have been a major factor in achieving this change.

The Administration bill is designed to bring this nation's transit programs into conformance with the new realities of our time: to meet or exceed the President's goal of increasing transit capacity by 50 percent in this decade, to make transit equipment more readily available and to sustain its use, and above all else, to use transit as a major tool in our energy conservation effort with programs that spend our financial resources wisely.

Specifically, Mr. Chairman, our proposals would realign the Federal program to meet transit goals by:

- significantly increasing Federal support for transit between 1980-85: we would greatly increase the authorization levels for the UMTA section 3 discretionary capital program, and the section 18 program for capital and operating assistance to non-urbanized areas.
- offering an innovative approach to the distribution of section 5 funds: under our proposal funds would be apportioned in a way that supports our national transit goals of increased service, increased attention to farebox effort, and increased efficiency in the operation of transit systems.
- increasing the availability of transit buses; our proposal to permit direct procurement of buses by the Federal government should solve the current bus procurement hassle, deliver a positive message to the industry, simplify and boost production, reduce waiting time, stimulate competition and assure ready availability of vehicles to see us through any possible mobility crisis.

Mr. Chairman, let me explain in more detail what we are proposing in these areas and why we believe these changes are both significant and meritorious.

First, in line with the energy initiatives announced last summer by President Carter, we are proposing a major boost in the level of financial support for transit. This bill was developed within the context of a 10 year program that will provide a $53 billion Federal and local investment in transit capital projects. Our proposed funding levels incorporate funds expected from the Windfall Profits Tax revenues.

Our bill increases the authorization levels for the UMTA section 3 program by an average of more than $1 billion per year over currently authorized levels for fiscal years 1980 through 1983. In addition, it extends the authorizations into fiscal years 1984 and 1985 at approximately $3 billion per year. Our total increase would add $10 billion to the current authorization levels for a total program of over $16 billion through fiscasl year 1985.

For the section 5 program, we would add approximately $6 billion in authorizations for a total program of over $11 billion through fiscal year 1985.

For the section 18 program, we would add authorizations for an additional $420 million extended through fiscal year 1985.

The significantly higher funding levels and extended time frame should mean increased service and improved reliability for our nation's transit systems -- and their riders. But just as important as the increased funding and increased stability is our new approach to distributing the section 5 funds. Here, we believe it is vitally important that the distribution of those funds should reinforce and advance our objectives for transit service around the country, and send a clear message regarding the rules for support of that service in the decade ahead.

Those objectives can be stated quite simply. We seek:

- to get the greatest return on Federal operating assistance funds by relating those dollars to transit service levels.
- to provide incentives for transit to achieve key national goals in energy conservation and cost control by linking the operating assistance formula to improved efficiency and increased ridership and revenues.
- to provide incentives for good transit system management and increased fare box revenues by establishing limits for operating assistance in terms of operating costs rather than operating deficits.
- to increase the equity of the allocation in terms of the proportion of operating expenses covered by Federal assistance.

As you examine our proposals for the allocation of section 5 funds, you will see the connection between these objectives and our proposed reshaping of the program.

We want to encourage the expansion and improvement of transit services and we want to reward such changes through the section 5 program. The current formula for distribution of section 5 funds, based largely on population and population density, bears little relationship to transit service in an area. This formula delivers an ambiguous signal about local responsibility and offers no reward where exceptional effort is made. We want to change this to provide a clear signal of what the Federal role is, so that local transit authorities can plan and develop their own level of financial assistance.

Therefore, we would change the basic formula for apportioning operatin and capital assistance to one based 50 percent on population and 50 percent on the number of revenue miles traveled by transit vehicles. With vehicle miles included, the formula reflects the level of transit service that is offered and provides incentives to expand that servic Similarly, our proposal would revise the formula for distributing fun reserved for bus capital purposes to base it on bus revenue vehicle miles. The current formula for allocating funds to commuter rail and other fixed guideway systems would not be changed since it already is based on factors that reflect service levels – train miles and other fixed guideway miles. Our proposal, which would take effect at the start of fiscal year 1982, includes a "hold harmless" provision for operating assistance for localities that may not initially benefit from the change.

In addition to structuring the basic formula so that it encourages increases in service, we believe there should be a reward for transit systems that increase ridership and improve the ratio of operating revenues to total operating costs. We need to have a direct link between this program and our national efforts to reduce energy use, achieve more cost-efficient movement of people and increase transit ridership and revenues. Therefore, we propose to authorize separate incentive funds in section 5, which would be awarded to areas in which transit ridership increases by 5 percent or more over the previous year, or in which the ratio of operating revenues to total operating costs exceeds the national median. An area meeting one of these criteria would receive an amount equal to an additional 7.5 percent of its section 5 apportionment - other than the bus capital tier. If the area met both of these criteria, its incentive grant would be 10 percent. This new part of the section 5 program would be separately authorized and begin in fiscal year 1983. It would, I believe, be a major impetus for developing a stronger revenue base for transit operations and for systematic local efforts to attract more people to transit systems.

We also believe changes are needed in the operating assistance aspect of the section 5 program. Under the current program, local areas have no incentive to devise and implement realistic fare policies and indeed have a disincentive to raise fares.

I do not believe that it is realistic to expect farebox revenues to cover all transit operating expenses. At the same time, we cannot expect that fare levels will stay low while operating costs go up and the cost of auto travel rises rapidly. We must encourage realistic fare policies; otherwise, with local and Federal subsidies constrained by fiscal realities, the only alternative would be to cut back on service and maintenance.

Therefore, we propose to base Federal operating assistance on the total operating expenses of a transit system, rather than on operating deficit as under current law. With this change, areas can move forward in the development of their own fare policies to meet their own local situations without facing the prospect that increases in fares will lead to decreased Federal assistance.

In tandem with this proposal, we believe that the level of the Federal participation in operating costs needs to be adjusted. Under current law, Federal funds can provide up to 50 percent of the operating deficit. In a few areas, the available Federal funds actually represent 50 percent of the deficit. In others, particularly the larger, more transit intensive areas, Federal assistance covers a much smaller percentage of the deficit. We do not believe this is equitable.

Therefore, in addition to changing from operating deficits to operating costs as the basis of Federal participation, we are proposing that the Federal percentage be reduced gradually at a rate of 3 percent per year over the life of this bill, starting with a limit of 43 percent for fiscal year 1982. The reduction in the percentage is phased in over time, so as to minimize dislocations in transit management decisions and operations, while increasing the equity of Federal participation in the operating expenses of various areas. At the same time, however, it will help to ensure that localities will have increasing incentives to manage their transit operations efficiently and to use all the tools available to them to keep operating costs to a minimum. By establishing appropriate incentives for effective management and cost control at the local level, the limitation will also serve to minimize the necessity for Federal involvement in these local cost control decisions. The limit does not affect the total local apportionment, since funds that would not be used for operating expenses could be used for capital purposes.

With the changes that I have outlined, section 5 will become an even more important agent for improvement and expansion of transit operations. While the changes made in 1978 in the Surface Transportation Assistance Act, which you and this Committee were so instrumental in enacting, do help to target the funds where they are needed, we firmly believe that additional restructuring, as contained in our proposals, is now necessary.

I should stress that these are not separate and discrete proposals. Rather, they are a comprehensive and interrelated package which will make the section 5 program truly responsive to our national needs and objectives. I look forward to working with this Subcommittee to accomplish these changes.

Mr. Chairman, the Administration does not propose any change to the discretionary nature of the section 3 program. We are opposed to unnecessary categorization of the program and believe that the program can be most responsive to national and local needs by retaining its flexible, discretionary character. Thus we cannot agree with the provisions in your bill which would earmark some section 3 funds for new rail starts and rail extensions and require that 5 percent of the section 3 funds be obligated in areas where the population is below 200,000. I believe new starts and extensions should be funded where they can be justified and are a priority need. Our proposed section 3 authorizations contain sufficient funding for the initiation of at least one and possibly several new fixed guideway projects. We anticipate that Interstate transfer funds will also be used to start new fixed guideway projects. I also believe that smaller cities and non-urbanized areas should receive section 3 funding. But I am concerned, Mr. Chairman, that if we start setting up suballocations for one sort of eligible section 3 project, or for population levels, they will soon proliferate and the discretionary nature of the program, which is essential to its effectiveness, will be lost.

The Administration bill does propose that the Secretary be authorized to use the section 3 discretion in a new and very important way. Under this new authority, the Federal government could buy transit equipment directly from the manufacturers, for subsequent transfer to localities and states for use in local transit systems.

We believe that the advantages of this approach are substantial and compelling: it would deliver a message to the market about the true national demand for transit equipment; increase competition in the industry and perhaps stimulate new entries into the business; reduce the excessive delay in obtaining equipment which plagues systems today; and create a strategic bus reserve capable of protecting us from any possible mobility crisis that could result from an interruption in oil supplies.

This innovative direct purchase authority offers the bus manufacturers the assurance of a reliable and steady flow of orders, rather than being subject to the start-again, stop-again pattern of orders from individual areas. This pattern has been a serious detriment to the continued economic health of our domestic bus industry. With the proposed authority, the manufacturers will be able to plan and use their facilities more productively. Moreover, we anticipate greater opportunity for standardization through the Federal purchase mechanism. In addition to improving the financial health and stability of the manufacturers, we would hope that this would lead to a lower per unit cost for the buses than would otherwise be the case.

Local areas now face a 12 to 18 month lag time between deciding to order a bus and actually taking delivery of the equipment. We expect that this proposal will cut that time by one-third, possibly even one-half. Those areas that choose to use this new program and whose applications have been approved by UMTA will enjoy the prospect of immediate delivery of their buses rather than the continuing process of bid, award, manufacture and then final delivery. Smaller areas particularly will benefit from this program, since they will not need to develop or contract for the special technical and financial expertise necessary for the actual procurement process.

This new authority thus offers a regular market to bus manufacturers, more employment opportunities, an efficient delivery system to local areas, a strategic bus reserve in the case of a serious energy emergency, the economies of scale and standardization and, in the last analysis, more transit provided more quickly to the American people. It is one element of our efforts to increase the amount of equipment available to transit systems. We are also concentrating on efforts to enhance vehicle maintenance for greater use of equipment once purchased and the creation of a stockpile of used buses as a further reserve. I believe, Mr. Chairman, that this will be money well spent.

Further, I would welcome your assignment to use this resource as an instrument to encourage U.S. manufacturing and the jobs provided thereby. I am convinced that our economy is not well-served by substituting the export of jobs and dollars to buy transit equipment for our current export of dollars to buy oil. I expect that this procurement authority can be a tool to encourage foreign manufacturers to establish production facilities in the United States.

Finally, our legislation would strengthen the section 18 small urban and rural assistance program. I believe firmly in this program. It is an essential part of the President's small community and rural development policy. While my own background is as a mayor of a metropolitan area, I am well aware of and excited by the prospects and potential of public transportation service in non-urbanized areas. I would be less than candid not to acknowledge that the section 18 program has had start up problems. I hope and believe that many of those problems are now behind us. The question of the impact of the section 13(c) labor protection requirement is something that we need to examine carefully, in cooperation with the Labor Department and the affected State and local government officials, but we do not propose any statutory change at this time.

Our bill would provide additional authorizations for the rural and small urban program, and would also ensure that each State would receive at least one percent of the section 18 apportionment. This minimum apportionment would enable every State to plan and implement a meaningful public transportation program for non-urbanized areas, whereas the present apportionment some States receive is so small that it is impractical for them to try to use it. I am determined to make this program a success, and I think these amendments are essential.

There are other provisions in the Administration bill which I won't take time to describe in detail, but which are fully described in the section-by-section analysis we have provided. All of the amendments we propose are important in ensuring the responsiveness and effectiveness of the UMTA program and I commend them to you for careful consideration.

Mr. Chairman, our bill deals only with transit. However, last fall we submitted legislation to authorize use of Windfall Profits Tax revenues for energy-related transportation purposes. As I mentioned earlier, the proposed authorization levels in our transit bill incorporate amounts we expect to receive from the Windfall Profits Tax.

Both your bill and our earlier energy initiatives bill recognize the importance to our energy conservation efforts of improving the way the auto is used. The single-passenger car is something we simply must get away from. Out of the 1.8 million barrels of gasoline we consume per day, 1.4 million are consumed by single-passenger cars. Both bills would authorize special emphasis programs, with 90 percent Federal funding available for highway related projects, such as carpool programs, high-occupancy vehicle lanes and improved signalization. I firmly believe that these sorts of measures, many of which are of relatively low cost, can make a major contribution to our energy efforts. The emphasis of this program should be on energy conservation projects. I do believe that this new program would be most effective if the Secretary has discretion in distribution of these funds so as to encourage shifts in the use of apportioned Federal-aid highway funds, as proposed in the Administration bill, rather than being apportioned by formula as an additional categorical program as you suggest.

Finally, Mr. Chairman, I know that you and the other Members are interested in the impacts and implications of the President's anti-inflation initiatives on the DOT budget. The details of the proposed budget reductions have not yet been released, so I cannot discuss them with you today. I would like to stress that, in considering what reductions should be made, we have been concerned to preserve our safety and our conservation programs intact and to make the necessary reductions equitably among our various programs, so that no program area will be reduced by a disproportionate amount. When the details of the President's proposals are released, I will be happy to come back and discuss them with you.

That concludes my prepared statement, Mr. Chairman. I would be pleased to answer any questions you or other Members may have.

Mr. HOWARD. For the record, would you please identify the people appearing with you today.

TESTIMONY OF HON. NEIL GOLDSCHMIDT, SECRETARY, DEPARTMENT OF TRANSPORTATION, ACCOMPANIED BY MORT DOWNEY, ASSISTANT SECRETARY FOR BUDGET; AND TED LUTZ, ADMINISTRATOR OF THE URBAN MASS TRANSPORTATION ADMINISTRATION

Secretary GOLDSCHMIDT. With me, today are Mort Downey, Assistant Secretary for Budget, Ted Lutz, the Administrator of the Urban Mass Transportation Administration, and Tom Downs, of the Federal Highway Administration.

We are very pleased to be here this morning to discuss with you our legislative proposals for public transportation auto use management, and the legislation which you and others have cosponsored in the same area.

The administration's bill is designed to bring the Nation's transit programs into conformance with the new realities which you outlined, to meet or exceed the President's goal of increasing transit capacity by 50 percent in this decade, to make transit equipment more readily available and to sustain its use and, above all else, to use transit as a major tool in our energy conservation effort with programs that spend our financial resources wisely.

Specifically, our proposals would realine the Federal program to meet transit goals by:

Significantly increasing Federal support for transit between 1980-85: we would greatly increase the authorization levels for the UMTA section 3 discretionary capital program, and the section 18 program for capital and operating assistance to nonurbanized areas.

Offering an innovative approach to the distribution of section 5 funds under our proposal funds would be apportioned in a way that supports our national transit goals of increased service, increased attention to farebox effort, and increased efficiency in the operation of transit systems.

Increasing the availability of transit buses; our proposal to permit direct procurement of buses by the Federal Government should solve the current bus procurement hassle, deliver a positive message to the industry, simplify and boost production, reduce waiting time, stimulate competition and assure ready availability of vehicles to see us through any possibility of a mobility crisis.

Let me explain in more detail what we are proposing in these areas and why we believe these changes are both significant and meritorious.

This bill was developed within the context of a 10-year program that will provide a $53 billion Federal and local investment in transit capital projects. Our proposed funding levels incorporate funds expected from the windfall profits tax revenues.

Our bill increases the authorization levels for the UMTA section 3 program by an average of more than $1 billion per year over currently authorized levels for fiscal years 1980 through 1983. In addition it extends the authorization into fiscal years 1984 and 1985 at approximately $3 billion per year. Our total increase would add $10 billion to the current authorization levels for a total program of over $16 billion through fiscal year 1985.

For the section 5 program, we would add approximately $6 billion in authorizations for a total program of over $11 billion through fiscal year 1985.

For the section 18 program, we would add authorizations for an additional $420 million extended through fiscal year 1985.

The distribution of these funds should reinforce and advance our objectives for transit service around the country, and send a clear message regarding the rules for support of that service in the decade ahead.

The objectives can be stated quite simply. We seek:

To get the greatest return on Federal operating assistance funds by relating those dollars to transit service levels.

To provide incentives for transit to achieve key national goals in energy conservation and cost control by linking the operating assistance formula to improved efficiency and increased ridership and revenues.

To provide incentives for good transit system management and increased fare box revenues by establishing limits for operating assistance in terms of operating costs rather than operating deficits.

To increase the equity of the allocation in terms of the proportion of operating expenses covered by Federal assistance.

I hope we will have an opportunity to talk further about the changes we are suggesting in the operating assistance formula. Essentially what it does is to change the formula for apportioning operating and capital assistance to one based 50 percent on population and 50 percent on the number of revenue miles traveled by transit vehicles. With vehicle miles included, the formula reflects the level of transit service that is offered and provides incentives to expand that service. We do not hold this formula out to you today as being a perfect one, but rather, provide it to this subcommittee in the hopes that a dialog can be started and that an acceptable formula can be found that both houses will agree to.

I do not believe that it is realistic to expect farebox revenues to cover all transit operating expenses. At the same time, we cannot expect that fare levels will stay low while operating costs go up and the cost of auto travel rises rapidly. We must encourage realistic fare policies; otherwise, with local and Federal subsidies constrained by fiscal realities, the only alternative would be to cut back on service and maintenance.

Therefore, we propose to base Federal operating assistance on the total operating expenses of a transit system, rather than on operating deficit as under current law.

This, too, I think is worth discussing further. But the point I want to make is that we are trying to send a clear message to those who are operating transit properties in this country.

I want to talk also about a change that I mentioned in my opening comments in the section 3 program. The administration bill does propose that the Secretary be authorized to use the section 3 discretion in a new and very important way. Under this new authority, the Federal Government could buy transit equipment directly from the manufacturers, for subsequent transfer to localities and States for use in local transit systems.

We believe that the advantages of this approach are substantial and compelling: It would deliver a message to the market about the true national demand for transit equipment; increase competition in the industry and perhaps stimulate new entries into the business; reduce the excessive delay in obtaining equipment which plagues systems today; and create a strategic bus reserve capable of protecting us from any possible mobility crisis that could result from an interruption in oil supplies.

This innovative direct purchase authority offers the bus manufacturers the assurance of a reliable and steady flow of orders, rather than being subject to the start-again, stop-again pattern of orders from individual areas. This pattern has been a serious detriment to the continued economic health of our domestic bus industry.

With the proposed authority, the manufacturers will be able to plan and use their facilities more productively. Moreover, we anticipate greater opportunity for standardization through the Federal purchase mechanism. In addition to improving the financial health and stability of the manufacturers, we would hope that this would lead to a lower per unit cost for the buses than would otherwise be the case.

Finally, our legislation would strengthen the section 18 small urban and rural assistance program. I personally believe firmly in this program. It is an essential part of the President's small community and rural development policy. While my own background is as a mayor of a metropolitan area, I am well aware of and excited by the prospects and potential of public transportation service in nonurbanized areas. I would be less than candid not to acknowledge that the section 18 program has had startup problems. I hope and believe that many of those problems are now behind us.

The question of the impact of the section 13(c) labor protection requirement is something that we need to examine carefully, in cooperation with the Labor Department and the affected State and local government officials, but we do not propose any statutory change at this time.

Our bill would provide additional authorizations for the rural and small urban program, and would also insure that each State would receive at least 1 percent of the section 18 apportionment. This would enable every State to plan and implement a meaningful public transportation program for nonurbanized areas, whereas the present apportionment some States receive is so small that it is impractical for them to try to use it. I am determined to make this program a success, and I think these amendments are essential.

I might add that the recent rate of obligations in this program encourages us to believe that in fact the program is coming along at the rate that you would have expected.

Let me say that I am as sorry as you are that we are not in a position to talk about the budget. But I gratefully accept your offer to come back after the President makes a final decision, and I look forward to talking to the committee about the budget in the coming days.

Mr. **Howard**. Thank you very much.

Mr. Secretary, we are happy to have your statement this morning.

There are members who have other subcommittees to attend, so I will not ask any questions at this time. We will try to proceed at this hearing under a 5-minute rule.

I recognize first the gentleman from Pennsylvania, Mr. Edgar.

Mr. EDGAR. Thank you, Mr. Chairman.

Mr. Goldschmidt, I want to apologize for being a little bit late. I think your testimony today is important, and I think the whole question of where we go with the public transit dollar is vitally important.

I wonder if you might comment, and perhaps you have covered this in your preliminary comments, on the need for modernization of existing systems, in particular as it relates to the question of modernizing old systems like Philadelphia, Boston, New York, et cetera.

Secretary GOLDSCHMIDT. Thank you, Congressman.

I should probably have Mr. Lutz comment on that in more detail. But I should say from my own stand the faster we get a rider on mass transit, the faster we save a barrel of oil.

The quickest two ways I know of doing this are, first, making sure there is adequate capital to acquire buses and to keep the buses maintained. That is something every system needs, whether they have a fixed guideway system or not.

Second, to do the same with the fixed guideway systems that are in place. We need to increase the reliability of those systems, so that they meet their schedules. In other words, to provide services in the fastest way we can, we need to use the capacity that we have. I can use examples from the State of Pennsylvania, the downtime of equipment, the inability to meet schedules, the reliability message that it is sending to the potential consumer.

In the President's original plan for the use of the windfall profits tax for transit, he outlined that the acquisition of bus equipment, rail modernization, and the extension of the capacity of existing rail systems, would be the first three priorities.

Mr. LUTZ. I should also say, Mr. Edgar, that the proportion of our funds which are being spent in the rail modernization category, if you examine the last couple of years, is starting to increase. That is reflected in the 1981 budget that is proposed. As I recall the current law provides $350 million a year for rail modernization. The 1981 budget raises that to $1 billion a year.

We are beginning to recognize—and in my 90 days as administrator I have been to a good many cities with existing systems—that we are starting to get payoffs for rail modernization and that we are faced with an issue of many years of neglect.

You are almost at a point where some of the systems are dropping below a critical mass. There is no doubt that the Secretary and I struggle with trying to strike a fair and equitable balance between existing systems, modernizing the old ones, and making sure the bus program moves forward aggressively.

That is not an easy job. But I think with the proposals before you, we are starting to get at an appropriate aggregate level.

Mr. EDGAR. If I could follow up on that, it seems to me that some of the systems received in 1979 dollars, *x* amount, and find themselves projected with 1980 dollar figures, less than what they received in 1979. Can you explain that?

Mr. LUTZ. I will be very specific. It is my responsibility to recommend a national program plan for the allocation of the basic categories, including the rail modernization category, approved through the appropriations process. We have to look at where the money is being spent, and there are two basic elements: In certain cities you have a continuing high level of need; in other cities you may have a one-time major rehabilitation project.

We look at that situation. We certainly pay attention to past years to some extent as an indicator of need. It is not the total determinant, nor do I believe it should be.

We also look at the various degrees of projects. For example, in Philadelphia, within the last couple of years, especially 2 years ago and before that, almost every nickel in that category was put on one project. The basic system improvements were getting zero. That was the case 2 years ago.

So we tried this year, and we are a little more heavy-handed, to make sure that at least the average of the last 2 years' expenditures was spent on those basic improvements that we talked about earlier.

The third point that I would make is that we have to develop the 1980 program in concert with the President's proposals for transportation energy initiatives, so that for a city like Philadelphia, we have to look at a combined resource.

The Secretary asked me, the first time we were in the city, what would happen if the President's proposal were enacted. Specifically, in the case of Philadelphia, it would have resulted in increase in the rail modernization category. This recognizes the priorities of the older systems, that would have received, and will receive if the bill is enacted, almost 90–100 percent of what they would have received in their own capital program.

Personally, the first city I visited was Philadelphia to get a handle on that system, to get some idea of what their needs were. It would still be our objective, if the Congress cooperates with the President's program, to provide rail modernization, to hit at the priorities the Secretary has mentioned, and to advance the program.

There are three or four factors we have to look at each year. It is not a process I look forward to, dividing up a limited pie.

Mr. HOWARD. The time of the gentleman has expired.

The gentleman from Pennsylvania, Mr. Shuster.

Mr. SHUSTER. Mr. Secretary, one of your proposals is for the direct procurement of buses by the Federal Government. I wonder how this would work, how you would determine the mix of bus sizes to be procured by the Federal Government? Would all buses be required to be the same? Would GSA, for example, be involved in the actual procurement? And if there is going to be a Federal procurement specification, what would that specification be?

Secretary GOLDSCHMIDT. I want Mr. Lutz to talk about this in some detail, because we have been spending some time on the subject.

We are not interested in buying for the user buses they do not want and need. We have lots of people that do not have a huge amount of purchasing power. There are agencies who do not have lots of buses to order, and as a consequence, they are doing some consortia buying.

Second, we have a tremendous variety of State and local budget laws. Once this committee and your counterparts in the Senate approve our appropriations and the moneys are sent through to us, we send out a notice as to what they are entitled to under the applicable formula. The grantees will take that under this fiscal year budget and ultimately, Congressman, they will order some buses.

The result of this, though, is delay, and the lag-time at this point in our history is critical. I want to emphasize that I do not know that this is needed as a permanent tool. I would like to see the industry pumping at full speed, at a high level of production, with the 18-month lag period shortened substantially, so that energy conservation efforts can begin to take effect.

The point I want to make is that we do not think the Lord has placed his hand on the Secretary's shoulder and said, "We know what buses the people need." We already have a specification book. I think there are problems with that system.

Let me have Ted describe for you what we would see happening step by step.

Mr. SHUSTER. Let me say I have great respect for you, and I do not question your sense of limitation. But there might be some Secretary down the line in the future, or indeed, some bureaucrat, heaven forbid, today, that does not know that the Lord did not place his hand on his shoulder.

And I have an enormous reservation any time the Federal Government starts talking about taking on more responsibilities exercising more power. Indeed, this may not be intended to be permanent.

Secretary GOLDSCHMIDT. I might say, if it were written into the law so it were not, we would not object.

Mr. SHUSTER. Off the cuff, anytime funding is started around here—the only thing we are good at is taxing and increasing taxes.

Go ahead, Mr. Lutz.

Mr. LUTZ. I am worried about whose shoulder the Lord's hand is on.

Certainly we share the concerns about whether this will turn into another Federal bureaucratic exercise. We are not interested in that, either. One alternative is just not to try anything new. But as we look at the situation, we really need to do something about dealing with the need of this country to get buses out there faster. We believe this is not going to be a sizable program. In fact, it will be specifically limited by our proposal to a certain dollar level, and I expect the appropriations process would also limit the amount. We believe that is appropriate.

For the smaller areas that might need five or six buses, their aggregate purchasing power may be such that it is not that big an incentive to someone to come out and push them along.

Second, again trying to avoid sizable bureaucratic exercises, we are trying to avoid the necessity for a small entity, particularly, to build up a permanent staff to manage a bus grant—it may happen only once every 4 or 5 years. And it is a lot easier to audit a bus than to audit a grant process.

So, looking at those factors and recognizing the process of getting a bus, we said, should not we at the Federal level have a test of whether aggregate purchasing power could pay off, and particularly, orient the program for some of the smaller properties that may need only three or four buses, to help aggregate their buying power?

You asked a couple of specific questions as to how it will work. We have not flushed it all out, but you are right, the Federal Government would have to pick a specification, just like Cleveland or Philadelphia or anywhere else.

We would also, as we would be required to, make this a test of the life-cycle costing procedure that the Congress believes is important. That, I think, is an important thing. We might as well try it ourselves before we impose it on the world.

Those two purposes are very valid. So we would go out on a test basis—pick a spec, pick the number of buses that the appropriations committee said to try, and what we would specifically do is place an order and then let us say, that the small town in—pick any State——

Mr. SHUSTER. Altoona, Pa.

Mr. LUTZ. Altoona needs five buses. To some extent, they could come in and say, Mr. Lutz, we believe we have a merit need. We are willing to use section 5 moneys. But we do not want to wait a whole year to go through the factory while the buses are being made. We would like to arrange a process by which five of those buses are earmarked to Altoona. The manufacturer would be making a plain white bus. It would be a standard white bus. It would not have the Altoona logo on it, because when we order the buses we are not sure where they are going.

But let's say Altoona had a meritorious proposal for five buses. So we tell the manufacturer, five will go to Altoona. The plain white bus is picked up by the driver from Altoona and driven down to Altoona. You take it back to Altoona, paint your colors on it, and send us the 20-percent share.

We deduct Altoona's section 5 formula, or if it is a section 3, we just deduct the section 3 account. And we are willing—because, obviously, it will cost the citizens of Altoona something to paint the bus—to consider that part of the local share.

Mr. SHUSTER. Suppose the bus authority does not want that bus? Suppose they want some other bus?

Mr. LUTZ. They do not buy from the reserve.

Mr. SHUSTER. Does not the Federal Government—do you not have leverage on them to say, if you want the 80 percent, fellows, you better do it our way?

Mr. LUTZ. We could; but I think the driving force, Mr. Shuster, will be, if you want to buy from the reserve, you get the bus in 4 months. If you want to play around with your own local specifications, it may take a year and a half. Certain communities will not choose this bus. We recognize that. You are quite correct; we will have to make some guesses on the specifications. We think it is an effort we ought to undertake. Some communities may not want to change their local specifications, but for others it is more important that their citizens have a bus on the streets.

Mr. **Shuster**. Some of us think that the problem of delivery and competition in the bus industry has been caused by the Federal Government and has been caused by some of the mandates.

Specifically, our Subcommittee on Oversight and Review has recently issued a report on the Urban Mass Transportation Administration's transit development and equipment procurement program. I am sure you would agree that that report raises some questions about your 504 regulations regarding access by handicapped persons.

The additional views to the report, which received bipartisan support of 9 subcommittee members, recommends a local option as to complying with the 504 requirements. In this day of limited Government resources, are you prepared to support that?

Secretary **Goldschmidt**. Was that question for me? Is anybody willing to step up here and answer it?

Mr. **Cleveland**. I wanted to help you out. If you answer that question as you should, in the affirmative, the New York Times has editorial support for that position. They seem to like you because they gave you a good press the other day.

Secretary **Goldschmidt**. This is not a yes or no answer.

As a mayor, Congressman, I supported that position. As a cochairman of the U.S. Conference of Mayors' Committee on Transportation, I supported that position. I am not sure, however, that that is an appropriate position for our Department to take at this point. I want to give you two reasons.

First, I really believe the original Congressional objective of accessibility is not the question. I want to make it clear to you that I have not met anybody on the Hill since I have been here, or anybody in the communities, who argues that point. The transit properties in this country and the cities in this country did almost nothing on this subject until they were hit in the head by a piece of legislation.

I sat in my own committee for 3 years and said, if we don't do something to actually choose the way—at that point, we had any option we wanted—we will be handed some kind of Federal prescription.

I would accept the fact that some people in Congress did not think that is what it was they were proposing, and I am not sure the communities knew what was going to come out. But I do not believe there has been that much done in the meanwhile.

Second, during this period of discussion about Transbus and the evaluation of that piece of technology, it was assumed that Transbus would be available to meet the 504 requirements. We have been imposing and are today imposing a requirement on new equipment or when equipment is to be retrofitted to last for 10 years, that lifts be put on.

My personal judgment is that over the next several years there will be no substantial damage done to the transit properties in this country by having that percentage of the fleet be required to have these lifts.

The broader question comes to all of us which is, how long could you afford to have that requirement on if you conclude that it is not the solid way to solve a national problem.

We would suggest to you that in this next 2-year period, we take the authority that we have and offer to the private sector essentially the opportunity I would have hoped we would have done in the beginning: give us your best shot to give us an accessible bus and see whether we can buy that equipment from any manufacturer, domestic or foreign, put it on the street, run it, let the handicapped use it. God willing, it will not cut our fuel mileage in half and we may have a solution, before we go back and rewrite the law.

If Congress chooses, having looked at what you have done and what we have done with what you have told us, this Department would not have difficulty in making that system work, to at least prove that we are carrying out the congressional intent.

But I am not at this point convinced that the burden ought to be shifted back to the handicapped to prove they need accessibility in dealing with a local transit authority.

Mr. HOWARD. The time of the gentleman has expired.

The gentleman from Illinois.

Mr. FARY. Thank you, Mr. Chairman.

Mr. Secretary, the increases in operating costs for public transit are, as I understand, due primarily to increases in fuel costs. Since the administration is responsible for decontrolling oil prices, does it now have the increased responsibility to assist local public transits with their operating costs? Yet, the purpose of the administration's bill seems to be precisely the opposite.

For instance, the administration's bill provides only up to 43 percent of the total eligibility operating expenses and then decreases the amount by 3 percent a year.

The administration proposes that none of the supplemental funds from the windfall profits tax in fiscal 1980 and 1981 will be used for operating expenses.

Could you expand on this, please?

Secretary GOLDSCHMIDT. Congressman, I would be happy to.

Let me go back to the basic principle that I tried to lay out in my opening comments and in the statement I filed.

I think the money ought to go where the service is. I am not much interested in providing Federal support to Portland, Oreg., for running empty buses. I am not interested in providing buses to properties that will not make an effort at the fare box or make decisions about taking equipment off that is running a quarter full. I have seen that.

The politics are tough, but I do not think they ought to be passed up to the Federal budget. So there is an effort here to reflect some reasonable level of commitment by the Federal Government, this committee and your colleagues, as to what a local transit property should expect in the way of support over the next 10 years.

I came arguing as a Cabinet officer for the position you started out with, and that is, it is not reasonable to expect that the operating subsidy portion of the Federal transit program be held constant. The original proposal was that the transit operating assistance fund be increased by 7 percent. That was an indication of the annual inflation figure. I think that was considered a breakthrough. Secretary Adams worked hard for that.

We have taken it a step further. We believe that with the message you would be sending out by expanding the fleet, that more money in the operating fund will be needed, period. The question is: On what set of rules?

We believe that the service factor ought to be put into the formula.

I would like Ted Lutz to respond will specifics on the numbers and the questions you asked, because they are the right ones. But please understand, we do not think less funds are needed. We think more are needed, if we can provide them in a way that will make the message come through clearly.

I do not know the precise numbers, but somewhere in the neighborhood of 40 percent of transit ridership is in the Greater New York metropolitan area. It is very difficult to explain why only 8 percent of the money goes to that much of the transit ridership.

We have small communities, 25,000 or 50,000, one may have half the ridership of the other and yet they see no difference in the amount of money they get. I think we want to put the money where the riders are, not where the buses are or where the population is, although those are factors to be considered.

Mr. Lutz. I would like to add, Congressman Fary brought up the fact that our proposal is to shift the basis for a Federal role from deficits—which conjure up all kinds of arguments on fare policies and service levels—to total operating expenses. So the percentages we propose should not be misunderstood. For example, the city of Chicago right now receives about 15 percent of its operating costs from Federal funds. I do not think you should be too worried about the 43 percent.

But it gets back to a fundamental principle. We are trying to send a signal for the 1980's.

Mr. Shuster was commenting a minute ago about trying to reduce incentives for undue Federal meddling in local fare and service decisions. I must say if we have cities that have 45 and 46 percent of their costs covered by the Federal funds and matched 50-50 by local subsidies, that means you have 90 percent coming from the taxpayer and 10 percent from the user. Is that the kind of system that we want to create for the future? Is that the kind of program which gives good incentives for hard local bargaining and hard local management? We are trying to state that, while we believe the Federal Government has a meaninful role in providing operating costs, we are trying to avoid a signal that we think 40 to 50 percent of the cost coverage by the Federal taxpayer is what we will be able to sustain for the future.

Mr. Edgar. Will the gentleman yield?

I wonder if you might comment—you talk about the upper limits of 40 and 50 percent. What about the lower limit? Are we going to move that up a little bit so that maybe 20 percent are covered?

Mr. Lutz. We are not there, no, as you know. The system I was general manager of, and, of course, under conflict of interest, I am not about to pay any attention to them, is about 10 or 11 or 12 percent. Other cities range 10 to 15.

The proposal before you is not based on guaranteeing Federal coverage of a certain percentage of cost. It is based on a service target. That may have, in some areas, the result of raising the percentage across the board. It will not happen in all areas.

Part of this gets down to the tough issue of what the total investment levels available to the Nation are in operating costs. In certain cities we will be making some progress. But our primary emphasis is on the service factor.

As the Secretary was saying, we were convinced that it was an important enough issue to raise for the decade of the 1980's. We picked revenue vehicle miles as the model. There are other bright people in the transit community who might feel it would serve the costs better to use another method. We do not believe that the status quo of just simply rewarding people on the basis of population is the guiding signal we want to give for the 1980's.

Mr. Howard. The time of the gentleman has expired.

The gentleman from New Hampshire, Mr. Cleveland.

Mr. Cleveland. We are under the 5-minute rule?

Mr. Howard. Supposedly.

Mr. Cleveland. Does that mean I have 5 minutes for questions or——

Mr. Howard. You have a combination of 5 minutes, so perhaps you could raise any questions so that the answers may not last for 5 minutes.

Mr. Cleveland. I want to get back to the question that Mr. Shuster was asking concerning the additional views on this problem of structural freedom of access and barriers.

What I will ask you to do is consider them with your staff and then, Mr. Chairman, may I have permission that you can give us a written response in writing?

Mr. Howard. Without objection, the New York Times editorial of February 16, 1980, the additional views from the subcommittee's March 1980 report and the Department of Transportation's response will appear in the record at this point.

[The following was received for the record:]

From the New York Times, February 16, 1980

Hindsight on Helping the Handicapped

Want a textbook example of how good but vague intentions can balloon into exorbitant programs? Consider the regulations that require Federally funded mass transit systems to make buses, subways, streetcars and commutor trains accessible to wheelchairs. The rules have just been upheld by a court decision, which makes it clear that Congress had no idea what it was getting into when it decided to help the handicapped in this fashion.

On several occasions over the past decade, Congress passed laws requiring that, as a condition for receiving Federal grants, mass transit systems make their facilities usable by handicapped and elderly persons. As is customary and proper, Congress left it to the executive branch to work out the details. The Department of Transportation did so with unbridled zeal. It issued rules requiring that half of all existing buses and about 40 percent of all subway and commuter train stations be made negotiable by wheelchair. All new buses and subway and rail cars will also have to accommodate the disabled.

Estimates of the cost of these modifications range from $3 to $7 billion over the next 30 years. The Federal Government would pay some of that, local transit authorities the rest. A study by the Congressional Budget Office calculated that a larger number of the handicapped could be served at less cost by a specialized door-to-door taxi service, but that would not be allowed under the Federal rules; they require that regularly scheduled vehicles be made accessible. Small wonder that the American Public Transit Association sued in Washington to block implementation.

Federal District Judge Louis Oberdorfer has now ruled against the public transit officials. The regulations are valid, he says, because the executive branch has great latitude in determining how to carry out the laws of Congress, and these particular rules are not "arbitrary and capricious."

Whether they are wise, or what Congress intended, is another question, as the judge acknowledges. The original laws were passed with little debate; so it remains an open question whether Congress knew what it was doing, and whether the Transportation Department has correctly interpreted the Congressional will.

There is, as the judge observes, an obvious answer to that question. Congress has the power to revoke or amend the rules at any time. Let it now do what it should have done in the first place: balance its laudably humanitarian instincts with some notion of what the program will cost and who will have to pay.

From the Report of the Subcommittee on Oversight and Review
of the Committee on Public Works and Transportation, U. S.
House of Representatives on the Urban Mass TRansportation Admi
istration's Technology Development and Equipment Procurement
Programs (Bus and Rail Rolling Stock) March 1980

* * * * * * * * * * *

ADDITIONAL VIEWS

In the main, we find the body of the report presenting the findings of this investigation to be an excellent product and one fully consistent with the high standards which have characterized the oversight activities of this subcommittee throughout its history.

So persuasive, in fact, is the case made by sound staff background work and the illuminating hearings which resulted—all of which are faithfully reflected in the factual presentation in the main body of the report—that we are disinclined to associate ourselves with one key recommendation which we find at variance with the factual findings.

We refer to the recommendation that, in effect, the subcommittee make no recommendation with respect to the issue of local option to decide how best to provide service for the elderly and handicapped versus federally mandated full accessibility on mainline service, deferring decision pending still yet another round of studies.

This simply does not do justice to the facts, to the legitimate interests of public transportation in this country, or to the taxpayer called upon to foot an increasingly large share of the bill. This alone would warrant some dissent. But the main problem with this approach is that it fails to do justice to the transportation needs of the handicapped, which are and must remain our principal concern.

In short, we believe the case for local option has been made, and in so saying we hasten to emphasize that local option may in fact include fully accessible mainline service on a systemwide basis in a community as well as alternative service, or both.

We find it difficult to recommend further study, moreover, at a time when—as the report makes clear—the Department of Transportation requires that all buses purchased after July 2, 1979 be equipped with wheelchair lifts. It is all the more difficult to accept in light of the fact that—as the report declares—no clear and convincing case has been made for full accessibility. At minimum, if further study appears warranted, the DOT should reexamine its mandate, lest it foreclose options which could emerge from such study.

In these comments, we do not seek to make the case for local option; we believe that the case has been made in the main body of the report itself, and in the record underlying it. However, we think it pertinent to cite the results of two further studies, which have just been published and were not available to the Subcommittee at the time of its hearings. In a report entitled "Urban Transportation for Handicapped Persons: Alternative Federal Approaches," issued in November 1979, the Congressional Budget Office concluded: "The rules issued by DOT in implementing Section 504 of the Rehabilitation Act of 1973 would prove extremely costly and would benefit a relatively small number of handicapped persons." [1] In their August 1979 "Transbus Study," the National Research Council found: "Alterations to existing transit systems seem to have the highest cost and serve the smallest number of handicapped travelers. Door-to-door services have lower initial costs but higher operating costs. They appear, however, to meet the needs of far more of the transportation handicapped."

---

[1] The Congressional Budget Office went on to estimate that mandatory full accessibility would serve some seven percent of the handicapped at a cost of $6.8 billion while special services for the handicapped would benefit 26% at an estimated cost of $4.4 billion. Some disagree with these estimates. Indeed, a completely accurate projection is impossible. What is important to note is that statistical error cannot explain the woefully low number of persons to be served by current full accessibility requirements.

With respect to the issue of rights versus economics, we find it difficult to accept the argument that the rights of the handicapped require both fully accessible mainline service, regardless of the small proportion of handicapped served and regardless of cost, plus alternative service for those who are still unable to avail themselves of mainline service. If the demand is for mobility, we agree; if it is for a symbol, we take exception. In so doing, we also point out that the financial burdens imposed on communities required to provide full accessible mainline service could well exhaust resources otherwise available for alternative service.

The Transbus fiasco itself illustrates the susceptibility of public policy to symbolism. Before its abandonment, it cost a mere $28 million but threw the nation's bus manufacturing industry into chaos. The consequences of pursuing the same course in the process of implementing other Section 504 mandates, as currently interpreted, could be measured in the billions.

We fully recognize the sensitivity of this issue, the concerns of the handicapped and their altogether justified inclination to view any modification as betrayal. Their legitimate needs—their rights—have been ignored too long by society in all aspects of daily life, not just transportation. Both the private sector and the public sector share the blame, and the handicapped are fully entitled to look at least to government as the most promising source of redress.[2]

We believe that redress can be provided in the transportation sector under local option. But we are determined that this not be a sham, a subterfuge, a way out for those who would still ignore the needs of the handicapped. To the extent that alternative service is chosen, it must be provided in good faith lest it become in reality the betrayal that many fear. The Federal government has the responsibility to assure that such service be continually monitored, scrutinized, evaluated and upgraded when necessary. This is a major undertaking, one in which in some senses requires more commitment, dedication, persistence and hard work than the process of passing a law or issuing a set of regulations. But ultimately, incomparably better service to the handicapped will result.

---

[2] It should be noted that the General Accounting Office has identified 114 separate Federal programs which currently provide some form of transportation assistance.

In concluding, we stress that a recommendation allowing alternative service carries with it the responsibility to make sure it works. If it is adopted, and we believe it ultimately will be, all who advocate it share in that responsibility. We accept that responsibility and are fully prepared to dedicate the oversight resources necessary to assure its success.

James C. Cleveland.
William H. Harsha.
Barry Goldwater.
John B. Breaux.
W. G. (Bill) Hefner.
Arlan Stangeland.
Newt Gingrich.
Bill Clinger.
Jerry Solomon.

Department of Transportation Comments on the "Additional Views" Section of the Report of the Subcommittee on Oversight and Review of the Committee on Public Works and Transportation

The Subcommittee Report recommended "further thought and discussion on the issue of local option for providing transit service to elderly and handicapped persons". The "additional views" section of the report stated disagreement with this recommendation. It stated that "the case for local option has been made" and that "no clear and convincing case has been made for full accessibility." In support of this conclusion, the additional views section of the report referred to the November 1979 Congressional Budget Office report entitled "Urban Mass Transportation for Handicapped Persons: Alternative Federal Approaches" and the August 1979 National Research Council report on Transbus.

The Department does not agree that the case for local option has been made, or that no clear and convincing case has been made for full accessibility. Moreover, the Department does not agree with the assumptions, analysis or conclusions of the CBO report.

This Administration and this Department support section 504. Where programs receive Federal assistance, handicapped persons should be able to use those programs. When the Department of Transportation provides grants for the operation of mass transit systems, handicapped persons should be able to use those systems, and should not be required to ride in separate, "special systems."

Moreover, it is less expensive and more cost effective to make existing transportation systems accessible to handicapped persons than it is to create separate, special systems just to serve handicapped individuals. This is particularly true for fixed route bus systems, where essentially the Department's regulation simply requires that when buses are purchased for normal replacement purposes, those buses include lifts to assist handicapped persons in boarding. Whereas the lifts, once purchased, can be used for the 12- to 15-year life of the bus, systems which provide separate, special service have continuing high operating costs in addition to their initial capital costs.

With respect to existing rail transit systems, where the cost of providing accessibility for handicapped persons will be relatively more expensive than for bus systems, the Department's regulation (1) permits accessibility to be achieved over a 30-year period, and (2) provides for a waiver of the accessibility requirement if the transit agency can demonstrate that it will provide alternate service to handicapped persons "as good as or better than" the service that would have been provided by making the rail system accessible.

Were the Department required to implement and enforce statutory provisions which would permit special service instead of accessible mainline service, it would necessitate a burdensome regulatory and enforcement effort to ensure that the required service standards for the special services were achieved on a continuing basis, year in and year out. By comparison assuring that new buses purchased with Federal grants include lifts, for example, is a much simpler and less intrusive regulatory responsibility. Of course, if local communities wish to provide special transportation services to handicapped persons as a supplement and complement to mainline accessible service, the Department encourages special services for such purpose, and mass transit grant funds can be utilized for them.

In addition, it should be noted that cities have had local option for many years. Despite a congressional mandate for "special efforts" to serve the needs of handicapped and elderly persons since 1970, very little transit service had been provided for these groups until a 1976 UMTA regulation requiring such special efforts. Even in the face of this UMTA regulation, many cities, including major urban areas, have provided neither special services nor accessible mainline service. In many urban areas where special services have been initiated, handicapped organizations have stated that the service has numerous restrictions and limitations, and is not at all comparable in terms of the quality of service characteristics provided to the general public through the main transit service. Restrictions in terms of hours of operation, geographic scope, waiting lists, trip purposes, advance reservation times, etc., are common. In those few instances where efforts have been made to make special services more closely comparable in quality to mainline transit service, the costs have been very high.

With respect to the CBO report, attached is the Department's analysis of the report and a discussion of the reasons that the Department believes the assumptions and conclusions of the report are invalid.

Comments on Congressional Budget Office Report on Urban Transportation for Handicapped Persons

On Friday, November 9, the Congressional Budget Office (CBO) released a report entitled "Urban Transportation for Handicapped Persons: Alternative Federal Approaches." The report analyzes three approaches to meeting the urban transportation needs of handicapped persons. One approach is based on the Department of Transportation's regulation implementing section 504 of the Rehabilitation Act of 1973 (nondiscrimination against handicapped), requiring accessibility of fixed route transit systems. The two other approaches involve the subsidized use of taxis and the provision of adapted automobiles to many persons permanently confined to wheelchairs.

Using substantially different assumptions than had been used by the Departmen of Transportation, the CBO report arrives at substantially different conclusion Specifically, the CBO report concludes that accessibility to fixed route urban mass transit systems, as required by the Department's 504 regulation, is more expensive and serves fewer severely disabled persons than the two alternative approaches analyzed by CBO.

In developing its final regulation on this subject, DOT examined the relative cost-effectiveness of accessible fixed-route systems and demand-responsive paratransit systems (such as taxis) in meeting the transportation needs of handicapped persons, and found that fixed-route systems could serve those needs at a lower cost per trip. There are two major reasons for the difference in the DOT and CBO conclusions: predictions of the latent handicapped travel demand, and estimates of the costs to make existing transit systems accessib

Latent Handicapped Travel Demand

The primary source for both DOT and CBO predictions of latent handicapped travel demand is the "National Survey of Transportation Handicapped People", which was conducted for the Urban Mass Transportation Administration (UMT in 1978. That survey generated two demand projections. Recognizing the tendency of surveys to exaggerate the potential use of a new service, DOT us the smaller of these two estimates in its analysis. This lower estimate eliminated as potential users certain persons who said they would use accessib transit but who do not use existing systems.The persons eliminated were those who identified any difficulty that prevents them from using the existing syste even if it prevents use only "some of the time", if that difficulty would not be removed in the accessible system. (There were other conservative assumptio in the demand estimate.)

CBO, on the other hand, concluded that actual usage would likely be about hal the low estimate which DOT used. That conclusion is based on analysis of handicapped usage of existing special services and accessible transit systems-- data which was generally available to DOT in its analysis leading to the 504 regulation. Data on such usage is very variable and of limited applicability to the alternatives CBO examined because of severe eligibility and service restrictions and because of the larger, generally inaccessible environment in which such services operate. Moreover, some of the data cited in the CBO report actually suggest that the estimate used by DOT is too low.

Lower ridership would increase the cost-per-trip for the DOT regulation, which is more capital-intensive than the other CBO alternatives. The cost per trip of the CBO alternatives does not vary significantly with the number of rides. This is generally true for demand-responsive transit. Thus, the effect of the CBO assumptions regarding demand is to reduce the cost-effectiveness of the 504 regulation vis-a-vis the CBO alternatives.

Costs for Fixed Route Transit Accessibility

CBO and DOT estimates are at variance for the cost of both bus and rail transit accessibility. By far the biggest difference is in the bus estimates. This is the case because DOT included only the incremental cost of the regulation. With respect to buses, the 504 regulation only slightly speeded up the pre-existing requirement for the purchase of accessible buses, and therefore did not have a major cost impact. CBO, on the other hand, includes the entire 30-year cost of acquiring, maintaining and operating the lifts. For the reasons discussed below, CBO's estimated 30-year cost of $4.8 billion for bus accessibility is much higher than DOT's estimated 30-year cost of $1.8 billion.

Lift Maintenance

CBO estimates that maintenance costs associated with the lift will be $1800 in the first year of bus life and a perpetual $800 annually after that, increases of 12 percent and 5 percent, respectively, in the total maintenance cost of a bus merely to maintain the lift. Experience with bus lifts has been extremely varied, with some cities having a high out-of-service ratio and others finding little or no increase in bus maintenance costs due to lifts. DOT estimated that for the first several years the cost would be $800, but after that, it would fall to about $300. The effect of this difference, over the 30-year estimating period, is about $735 million.

Fleet Expansion

CBO has added an estimated cost for a 3.5 percent expansion of the total bus fleet to cope with (a) assumed additional maintenance (2 percent), and (b) lost seating capacity (1.5 percent).

Regarding the assumed two percent fleet expansion because of maintenance requirements, the nation's bus fleet currently has about a ten percent maintenance float. We do not believe that, after an initial phase-in and shakedown period, there will be any need for a perpetual expansion of the bus fleet's maintenance float.

Regarding lost seating capacity, buses seldom operate at full seated capacity except during rush hour and then the critical consideration is total bus capacity, including standees. Since provision for wheelchair space on the bus does not affect total (seating and standing) capacity, we do not believe an estimate for expansion for lost seating is justified.

CBO's inclusion of costs for this 3.5 percent fleet expansion accounts for about $2 billion of the $7.1 billion CBO estimate of the cost of the regulation.

Rail

CBO's estimates differ somewhat from DOT's for the cost of rail transit accessibility. CBO has tended to rely heavily on the operators' estimates of capital costs, which were not well supported and appeared to DOT to be exaggerated. However, since only "key" station costs are included and since CBO has assumed that half the rail cities will obtain waivers, the difference does not have a major effect on the final estimate.

Summary

In the final chapter of the report, CBO discusses the sensitivity of its conclusions to variations in the cost and demand estimates. Using bus costs (fleet expansion plus lift maintenance) slightly higher than those which DOT assumed to be reasonable, CBO's estimate of the cost of the Department's regulation over 30 years falls to $4.2 billion, which is less than the estimated cost for either of the other two alternatives CBO examines. DOT's own estimate of the cost of the 504 regulation with bus costs included is $3.2 billion.

When the alternatives are compared under estimates of cost and demand nearer to those which DOT used, the cost differential becomes even more favorable to the 504 regulation: its estimated total cost is only 36 percent of the estimated cost of the paratransit/adapted auto alternative. However, CBO notes that the cost per trip by "severely disabled" persons still favors the paratransit alternative. That comparison ignores the benefits to the majority of handicapped persons who do not meet CBO's definition of "severely disabled." When the costs are spread over all the beneficiaries, the cost per trip for DOT's 504 regulation is lower than for the paratransit alternatives.

A COMPARISON OF CONGRESSIONAL BUDGET OFFICE AND DEPARTMENT OF TRANSPORTATION ESTIMATES FOR FIXED ROUTE ACCESSIBILITY

	CBO	DOT
COSTS OVER 30 YEARS	(Millions)	(Millions)
Bus[1]		
Lifts		
Capital	$1,380	$1,300
Maintenance[2]	1,200	465
Fleet Expansion		
Maintenance Float[3]	344	33
Lost Seating Capacity[4]	1,782	--
Kneeling Feature on All Buses[5]	78	--
Total Bus	$4,784	$1,798
Rail[6]	(For one-half of "key" stations)	(For all "key" stations)
Rapid Rail		
Capital	$ 475	$ 593
O&M	83	103
Connector Bus Service*	90	280
Commuter Rail		
Capital	201	236
O&M	48	39
Light Rail		
Capital	21	29
O&M	5	9
Total Rail	$ 923	$1,289
Paratransit Alternative[7]	$1,404	--
Interim Accessible Service[8]	--	140
TOTAL COST	$7,111	$3,227
TOTAL USAGE OVER 30 YEARS[9]	(Millions)	(Millions)
Trips By All Handicapped	769	1,489
Trips By "Severely Disabled"[10]	158	N.A.
Cost Per Trip Over 30 Years By All Handicapped	$9.25	$2.17

*CBO included this cost under bus costs, but it is more appropriately included under rail costs.

1. DOT only included the incremental cost of the regulation in its original bus estimate. With respect to buses, the 504 regulation only slightly speeded up the pre-existing requirement for the purchase of accessible buses and, therefore, did not have a major cost impact. CBO, on the other hand, included the entire 30-year cost of acquiring, maintaining, and operating the lifts. To permit comparison, the bus estimates shown for DOT are the estimates for a full 30 years of buying, maintaining, and operating lifts on the entire bus fleet.

2. CBO estimated that maintenance costs associated with the lift would be $1800 in the first year of bus life and a perpetual $800 annually after that, increases in total bus maintenance cost of 12% and 5%, respectively DOT estimated that for the first several years (three years were used in the table) the cost would be $800 but that, after that, it would fall to about $300.

3. CBO estimated that the maintenance float for the bus fleet would have to increase from 10% to an average of 12% over 30 years for assumed additional maintenance due to the lift and added the capital cost of that expansion to the estimated cost. During the initial phase-in and shakedown period, DOT estimated that the retirement of existing buses might be delayed during the first three years to provide extra spares but that there would be no permanent expansion of the bus fleet's maintenance float.

4. CBO estimated that the bus fleet would expand by 1.5% to make up for lost seating capacity. Since CBO assumed these buses will have to be bought and operated, capital and O&M costs are added to the estimated cost. Because provision for wheelchair space on the bus does not affect total bus capacity, DOT did not assume such an expansion of the bus fleet due to the lift.

5. Although not required by the 504 regulation, CBO included costs for a special suspension that lowers the front steps for all new buses to its estimate. Most buses currently being put into service in the U.S. have this feature, but not as a result of DOT's 504 regulation, and therefore, the cost was not included in DOT's estimate.

6. While CBO's estimated costs for rail modifications appear lower than DOT's, they are actually significantly higher since they are based on the assumption that rail facilities in only half the cities will be modified and the other cities will obtain waivers from the requirement. In developing its estimate, CBO tended to rely heavily on the operators' estimates of capital costs, which were not well-supported and appeared to DOT to be exaggerated. Since both CBO and DOT included costs to modify only "key" stations, the impact of the differing estimates is reduced.

7. For those cities with rail transit systems that CBO assumes will obtain waivers, costs for providing dial-a-ride vans for wheelchair users and taxi subsidies for all handicapped persons who request them were included in CBO's estimate. Since the estimated cost for the paratransit alternative over 30 years is 52% higher than CBO's estimated cost for modifying the rail facilities and since that disparity will increase after 30 years when the capital-intensive rail modifications have been completed, it is unlikely that half the rail cities would choose such an alternative over making the rail systems accessible.

8. DOT's 504 regulation includes a requirement that interim service must be provided, if program accessibility is not reached within three years of the effective date of the regulation, until program accessibility is achieved. Localities are to spend up to 2% of their section 5 assistance on such services. DOT's estimate included a cost for this that assumed 2% of all UMTA's section 5 monies would be spent on interim services for seven years. The CBO report takes note of this requirement, but CBO's estimate did not include the cost to meet it.

9. Both CBO and DOT depended primarily on the "National Survey of Transportation Handicapped People," which was conducted for UMTA in 1978. That survey generated two demand projections. Recognizing the tendency of surveys to exaggerate the potential use of a new service, DOT used the smaller of these two estimates in its analysis. This lower estimate eliminated as potential users any persons who said they would use accessible transit but who do not use existing systems and who identified any difficulty that prevents them from using the existing system, even if it prevents use only "some of the time," if that difficulty would not be removed in the accessible system. (There were other conservative assumptions in the demand estimate.) CBO, on the other hand, concluded that actual usage would likely be about half the low estimate which DOT used. That conclusion was based on analysis of handicapped usage of existing special services and accessible transit systems - data which was also considered by DOT in its analysis leading to the 504 regulation. Data on such usage is very variable and of limited applicability to the alternatives CBO has examined because of severe eligibility and service restrictions and of the larger, generally inaccessible environment in which such services operate. Moreover, some of the data cited in the CBO report actually suggests that the estimate used by DOT is too low.

10. The CBO report emphasizes a portion of the handicapped population which it calls "severely disabled," and costs per trip were computed for this group. Basically, this group is defined as those transportation handicapped persons who do not currently use pubic transit, based on their responses in the National Survey. The National Survey report does not

address severity of disability. While it is likely that there is some correlation between those handicapped who do not use transit and those whose disability is "severe" by some objective standard, the extent of that correlation cannot be determined with information currently available. Further, as discussed in note 9 above, the method of correcting for potential overstatement in the National Survey was to eliminate as potential users any persons in this group who said they would use accessible transit but identified any difficulty which would prevent them from using it as much as they would like. Thus, the methodology employed in the National Survey to correct for general overstatement very likely overcorrected for the group on which CBO focused, and it is likely that CBO's estimate of travel demand for this group is especially understated.

Mr. CLEVELAND. It is a serious problem. I want you to know that the Congressional Budget Office has made a study that indicates that we are spending perhaps as many as $6 or $7 billion—we could spend that much—and only move 7 percent of the physically handicapped. When you get into those types of figures, and I'll admit they are open to question, it at least makes you start to think.

The General Accounting Office has identified 114 separate programs which currently provide different form of transportation assistance, much of which is available to the handicapped. So it is not as if Congress is not doing anything or people are not doing anything. It is beginning to look as if we are doing too much and not zeroing in on the problem.

There is an increasing body of thought, and very sensitive to the needs of the handicapped, and an increasing number of handicapped themselves, who are recognizing that just architectural free public transit is not the answer. That is just a statement and you will respond in writing.

Now, I would like to now comment on Monday's New York Times. It has you quoted as saying, "our focus certainly shifted the day I came." You said in that recent interview, "my judgment was that the department was too preoccupied with matters of mutual irritation, such as the air bags, to deal with the real programs such as where the automobile industry is going after 1985."

I want to applaud that statement. I assume you were probably quoted correctly?

Secretary GOLDSCHMIDT. Yes.

Mr. CLEVELAND. Did you clear that with Ms. Claybrook?

Secretary GOLDSCHMIDT. How does one answer that question? I do not think I cleared it with anybody, actually.

Mr. CLEVELAND. I will send Ms. Claybrook a copy of your statement.

You were quite right. That has been an item of some mutual irritation. It is too bad. Sometimes——

Secretary GOLDSCHMIDT. I do not mean to walk by that. It is an important issue. It deserves people's spending time on it.

I happen to like people on both sides of the fight. But there are an awful lot of other things we have to do, and we have to put it into perspective.

Mr. CLEVELAND. Thank you, Mr. Chairman.

Mr. HOWARD. The gentleman from California, Mr. Mineta.

Mr. MINETA. Mr. Secretary, it is good to have you here. Following up on this report that our Subcommittee on Oversight and

Review issued, there has been a great deal of concern in recent weeks, and I have heard this—I am quite sure you have as well—from Flxible and General Motors, about the rate at which new buses are being ordered by transit systems. I am wondering, is there some special reason why a relatively small number of transit properties are going to bid for new buses, and what do you estimate that this year's bus production will be nationally?

Secretary GOLDSCHMIDT. Let me say that this is an example of the point I was trying to make to Mr. Shuster about why we want to get into this procurement business. This is a cyclical problem of getting manufacturing capacity up and then waking up one morning and seeing the orders are not coming. This discourages us, because we think the money is there.

Let me have Ted Lutz tell you what is happening there precisely.

Mr. LUTZ. Mr. Mineta, I also want to say I did have a chance to review the very thoughtful report your subcommittee did, as well as the additional views, and as a new administrator, one of your points was, we have a lot of new administrators—one of the problems, not only one of the solutions.

But I thought it was a very thoughtful report as to where we have been.

You are quite correct that the bus orders right now are not where they should be.

Mr. MINETA. It is less than 100 since the first of the year up until now.

Mr. LUTZ. That would not surprise me whatsoever. I had the staff do a survey of two factors: there are approximately 400 to 500 buses for which grants have been approved, prior year in the main, and yet the local properties have not yet gotten out to bid.

Just yesterday, I was talking with the representatives from APTA as well as our own people, saying, what is going on, why are these not out to bid? Is there some particular problem?

They agreed to help us. Once the grant leaves our hands, especially for routine bus purchases, the basic control is in the hands of the local properties.

The second feature is that the section 5 formula program those dollars have been allocated, and we should be seeing an increasing amount of bus purchases out of that.

Your third question, was what I would expect the aggregate new bus purchases to be, based on 1980 current funding levels. The cost of the bus increases somewhat and the country is waking up to the fact that it needs maintenance facilities to take care of those buses. It is not just enough to go buy buses, and then let them not be maintained properly.

It is a healthy thing, but with some more dollars being devoted to maintenance, I would guess you are talking somewhere in the range of 2,000 to 2,500, unless the President's transportation-energy initiatives is passed.

That would be a low level. The President's program for 1980 as well as 1981, in recognition of this would virtually double the discretionary bus program, if it is approved in the appropriations process.

The Secretary indicated that he will be testifying on the specifics of the budget. But it is fair to say, as the President announced on

pages tightly bound

best copy available

the 14th of March, that while the new initiative is reduced from the billion dollars in the budget to $675 million, and while we are still discussing the final distribution of the money, I feel confident that the level would more than double in the discretionary programs that we would recommend to the Congress, closer to half a billion dollars.

I think money has to be part of the solution. With the President's program, you are talking about 2,000 to 2,500. That is combined section 3 and section 5, combined formula and discretionary. We would expect a good healthy chunk to the additional $200 to $300 million to go into bus purchases. So you may be talking about closer to 75- to 100-percent increase in 1980 bus purchases, if the transportation energy initiative is passed.

So both money and moving forward with the local governments to bid, are critical elements to keeping the bus program moving.

Mr. **Mineta**. Given that portion of it, as you look at the existing bus manufacturers doing their job of putting on a second line, what about the encouragement that has been given to possible new entrants like Skilcraft and the others? What happens to them if that curve does not go up?

Mr. **Lutz**. That is a very fair question. For the corporate decisionmakers, whether it be a Dennis Howard at Gillant or Skilcraft's leadership, or another firm from another country considering a joint venture in this country, or firms that used to be in the field and may wish to come back—it will boil down to somewhat of an issue of putting our money where our rhetoric is.

The decisionmakers, sitting back in their corporate decisionmaking rooms, will have say, is the aggregate demand going to be there? I think two or three are saying, I better see if the President's energy initiative is real before I tool up. That applies to several firms that I know directly, where we have given them regulatory approval to go ahead. But they are waiting for the market.

Mr. **Howard**. The time of the gentleman has expired.

The gentlewoman from New York, Ms. Ferraro.

Ms. **Ferraro**. Mr. Secretary, you said before the money should go to where the service is. You indicated that New York City has 43 percent of the public transit ridership and 8 percent of funds go there. I am delighted you are suggesting a level of funds be adjusted to make this a more equitable solution.

But I go further. I think we have to have incentives to conserve. You do deal with that when you suggest various incentives in section 5.

I do not see how those incentives can actually apply to a city like New York, where the ridership is so high. Would you comment?

Secretary **Goldschmidt**. You are talking about the way the operating subsidy——

Ms. **Ferraro**. Where ridership should increase by 5 percent.

Secretary **Goldschmidt**. We have had this pointed out to us before. We are open to better ideas on the subject. We really feel that the principle needs to be attacked. We came at it as best we could.

As I recall, you get a 7½-percent incentive grant if you meet only one of the incentive criteria. If you meet on both, you would get the 10 percent.

It is not possible to craft a formula that will work perfectly. If I were New York, I am not sure I would think the incentives here would be as important as the basic formula which reflects service. Because the ability to be a winner year in and year out is not necessarily going to be easy.

I am much more concerned in our dealing with New York with recognizing that they meet their fleet capacity needs, which they are having a hard time keeping up because the current formula does not help them. I know their chairman is getting a list of priorities, and getting at their capital projects. They have a project in which Ted is working with them.

My second point is, there is a fundamental issue underlying the principle that we send money where there are people. We are going to have 109 new urbanized areas as a result of the 1980 census. Anybody who thinks it is status quo only has to be aware of the fact that we will have new people to divide up the pie with the current formula. It will be purely on a population shift basis. It will have nothing to do with whether they have added ridership.

On the incentive tier, all I can say is, make proposals. We are open to anybody's ideas on how to get there.

Ms. **Ferraro**. Thank you.

Mr. **Howard**. Mr. Royer.

Mr. **Royer**. I would like to follow up on what Congressman Mineta asked on bus purchases. I did not, unfortunately, get to hear all of your testimony. But I noticed that you indicated that you want to double the transportation ridership in this decade. Will buses play an important part of that?

Secretary **Goldschmidt**. We would like to go from an estimated 29 to 30 million riders a day up 15 to 45 million, so it would be a 50-percent increase. Your comment on buses is dead center. We think every district in the country will be in the bus business.

Mr. **Royer**. My concern goes back to the question Congressman Mineta asked; if I remember the testimony we received earlier, it takes about 5,000 buses just to replace those that are going out of service.

I do not see that your figures are going to get us anywhere near that. Could you explain that a little bit to me?

Mr. **Lutz**. The aggregate investment level is an important issue. We do believe that the energy initiatives that I outlined earlier to Congressman Mineta put us into the range of 5,000, which we have not been at for several years.

Then with the increasing allocations over the decade it would allow us to move forward above that.

As I outlined, in the President's proposals, there are increases not just in the section 3 program, but also in the formula program for the next several years which is for buses.

The element which makes it difficult to decide just how much will go to bus purchases is that we also have to allocate out of that same category funds to maintain those buses.

One of the things that has worried me is that we have not paid sufficient attention to maintenance as a society, and that we have certain cities whereof the available bus fleet capacity they may get out only 60, 70, 80 percent of it on the street every morning. If I were to say what would I do right away to increase capacity, it would be to make sure that the bus fleets we do have are out there. And second, we have proposed several policy changes to permit rehabilitation of buses, and also to encourage State and local governments to retain buses which could be used in the case of an emergency, in the case of a dramatic need for service. I believe this would also have a constructive role on bus aggregate availability,

We have put those policies out for public comment. I think they show our commitment to use existing capacity better, in addition to asking for funds to enhance bus production.

Mr. Royer. Is it a possibility that the transit districts could receive from the windfall profits tax some relief, such as the low-income people will for the increased cost of fuel?

I agree with you on the operating costs, the maintenance, and so on. But it seems to me, set the goal and then not provide the equipment to make it work is not going to do it.

My other question is, in the event they did double that, how many barrels of oil a day would we save? Has that been estimated?

Secretary Goldschmidt. We will provide you with the exact number.

[The following was received for the record:]

DOT Submission

The Administration's transportation energy initiative is designed to accomplish about a 50 percent increase in transit capacity over the next 10 years. We estimate that service improvements made possible by increased capacity, when combined with actions to give buses preferential treatment and other incentives for transit use, might produce a transit ridership increase of about 75 percent by 1990.

Assuming that such a ridership increase represents predominantly a diversion from automobiles, and assuming average trip lengths, auto occupancy and auto gas mileage, we estimate that oil savings would amount to more than 100,000 barrels per workday in 1990. This savings would be offset to a moderate degree by the petroleum used to operate the additional transit capacity, resulting in a net estimated savings of about 79,000 barrels per workday.

If our proposed capacity increases are accompanied by even more effective incentives for shifting from auto to mass transit, actions to greatly expand the daily periods of peak travel to allow more efficient use of transit capacity, and increased off-peak transit use, and resulted in transit ridership increases of 100 percent, our comparable estimate of petroleum savings would be 138,000 barrels per workday, offset by 24,000 for the increased transit operations, for a net savings of 114,000 barrels per workday.

Mr. Royer. One last question, and if you do not have the answer I will get it at a later time: What percentage of this doubling in ridership would you expect would be accomplished through buses versus other modes? Do you have any figures on that?

Secretary Goldschmidt. Was the question, What percentage of this 50 percent increase would come from other than buses, other modes?

Mr. Royer. Yes.

Secretary Goldschmidt. We are really not able to tell you exactly. But I would say over half of the increase. Let me tell you why.

This is a little bit speculative. We are reluctant to say until we know what kind of 5-year plan we are looking at. It is unlikely that new rail systems will come on that would provide a significant amount of ridership.

We have numerous communities looking at alternatives. Denver is looking at doing their own soft rail system.

But nobody is saying when new rail systems will be in and will give us some new ridership. So it will have to come from two categories: first from bus ridership and second from maintenance and improvement of existing systems.

Mr. ROYER. Can we expect that in the near future we will get some kind of 5-year plan?

Secretary GOLDSCHMIDT. Absolutely. In the first 5 years, I think almost all of the ridership increase will come from buses.

Mr. HOWARD. The gentleman from California, Mr. Anderson.

Mr. ANDERSON. Mr. Secretary, I want to welcome you here. I was happy to hear you say that you did not think, as a former mayor of Portland, that Portland should be awarded for inefficiency.

I now have some questions on section 5. I have seen one set of figures indicating that the two cities that will benefit most by the formula provision that you are proposing would be Atlanta, Ga. and Portland, Oreg.,

Do you know, offhand, if this is the case?

Secretary GOLDSCHMIDT. I can have Mr. Lutz tell you. I am told that there is almost no formula that you can design that rewards public transit that would not help Portland, Oreg.

Mr. ANDERSON. No. 1 is Atlanta, and Portland No. 2. I was hoping that maybe you could work in a factor based on days of sunshine, so that Los Angeles could similarly benefit.

You have suggested that a formula based on vehicle miles might encourage efficiency in metropolitan systems. Would you call it efficient for a bus to take three passengers to the outermost suburbs? And yet, isn't this the type of system you are proposing to reward under this new system?

Secretary GOLDSCHMIDT. I do not think we said vehicle miles. We are looking at revenue vehicle miles. I do not know of many districts that could afford to run empty equipment under that kind of formula, where we were rewarding them for the amount of revenue in vehicle miles. Most of the larger systems in the country, just to take them as a point, are getting very little back now from us, and it is very uncomfortable for them to run empty equipment.

I do not think that we will provide them an incentive to do that. There is a desire on our part to reward the presence of ridership.

Mr. ANDERSON. Your formula does not really take into consideration whether there are seven passengers or three passengers on a bus, does it?

Mr. LUTZ. That is true, Mr. Anderson. Revenue vehicle miles was chosen as a service factor, because we felt that it had the correlation, obviously, with service, and second, that it was also one that was measurable.

That has been one of the great problems throughout the decade. Every time we have this discussion, we get into an argument as to what you can measure to serve as the basis for distribution.

We thought that because of the special studies directed by Congress in regard to the bus capital formula, that we had decent enough data to take a shot at this one.

As the Secretary indicated, we are not arguing it is the perfect formula, but we do feel strongly that someone has to take the leadership in trying to establish a service factor.

The other point that the Secretary made is that when you have the Federal share of operating costs ranging especially in the larger areas between 10 and 30 percent, or something like that, we do not believe anybody is going to have much of an incentive to do a stupid thing.

If the farepayer, or the State or local government, is paying 70 or 80 percent of it, they will exercise a good bit of discipline to make sure it is cost efficient. That is why we are designing Federal caps on the operating expenses, to make sure the incentives for good management are not in any way changed by the fact that they may be getting one out of every two bucks from Uncle Sam.

We prefer to assume that we can get away with no excessive meddling if 3 out of every $4 is coming from State or local taxpayers or revenues.

Mr. ANDERSON. You seem to be a long way away from where I am coming from. My question is: Are you not rewarding an inefficient bus that goes out to the suburbs carrying three people? I am told that a bus carrying less than seven passengers is not saving any fuel. That is what you are doing—rewarding inefficient systems.

I appreciate your leadership, but I think you are leading us in the wrong direction. I would rather see us do something about encouraging more than seven people to a bus, rather than less than seven.

Secretary GOLDSCHMIDT. First of all, I do not think that would be the result of our proposal. I would be surprised if your transit district is prepared to get up here and say that this formula provides an incentive or reward for people doing that when they account for the way they develop their vehicle revenue miles. Just for the record, I want you to know that I have been provided a list of these cities, which apparently you had, and that the winner in this formula is Seattle.

Mr. ANDERSON. I am a bit partial to the present population density factored formula. I think it makes sense. I know that when transit properties in my district decide where to run their lines they look at the need, they look at potential ridership, and the criteria they use is population density. It makes some sense to them. They want to use their resources where they are going to be needed and used. It makes sense to them, it makes sense to me, and it makes sense in the context of section 5.

I would like you to comment, because I think what you are proposing is just the opposite of that.

Secretary GOLDSCHMIDT. It is very hard with the population density formula we have now to conclude we have sent the money to where the service is. I just do not think you can do it.

We will add 109 new urbanized areas in the next census. We will add them without regard to whether they have service. They will get whatever their population and population density figures are.

We are very concerned that the cities with most of the American transit ridership are not doing as well as they should in terms of the proportion of resources that goes to them. We are concerned that as we add capital in the next decade, the operating subsidy should follow the equipment to where the riders are.

And finally, we are very hopeful that Congress will send a clear signal about what percentage of the budget that people making decisions at the local level can expect as an operating subsidy from the Federal Government.

We are open to finding other ways to doing what we are proposing. We are saying that when you look at the current formula, you can only conclude that we are sending money to areas without a direct correlation to service and ridership.

Mr. **Anderson.** From your own Department, I have seen a breakdown that shows that the formula you are proposing will hurt 21 of the 33 largest urbanized areas in the country. Is that what your goal is?

Secretary **Goldschmidt.** The question is not how large they are, but whether it will help or hurt those that are providing the service.

It is clear we are saying that size is only one of the factors, and density is only one of the factors, that ought to be looked at. I assume we are looking at the same list. I do not conclude that the help and hurt analysis works well.

What we have is cities taking the money that the President proposes to put in a service-based formula, rolling it back into the current formula, and saying we like that better.

I am here today to tell you that the President is not proposing to put that money in the current formula, and does not want to send a message out over the next decade that we will spend it that way.

I would prefer to fall back on the 7-percent formula, and carry the debate on, than to put the money into the current formula, and then end up with folks adding lots of service and no support for it.

Mr. **Howard.** The gentleman's time has expired.

The gentleman from Texas, Mr. Roberts.

Mr. **Roberts.** Thank you, Mr. Chairman.

Mr. Secretary, I was pleased by your statement. I like the way you do business. I want to thank you for trying to insist that the Department of Transportation follow the laws instructed by Congress, and helped them on a couple of projects. I don't believe in taking the time of the committee and the other people, such high officials, to talk about personal projects; but you're aware of what I'm talking about, and I appreciate it, and I hope it will work.

Secretary **Goldschmidt.** Thank you.

Mr. **Roberts.** Thank you, Mr. Chairman.

Mr. **Howard.** The gentleman from Pennsylvania, Mr. Shuster. The gentleman from Pennsylvania, Mr. Edgar.

Mr. **Edgar.** Thank you, Mr. Chairman.

Tomorrow I plan to introduce a bill that deals with the question of paratransit and ride sharing. I wonder if both Mr. Goldschmidt and Mr. Lutz might comment on what the Department of Transportation is planning and doing in the area of ride sharing, van pooling, and paratransit in light of the energy crisis.

Secretary **Goldschmidt.** Well, I'm very pleased that you brought the subject up, because I think for the dollar invested in it, the return potential is just enormous.

The President appointed a ride-sharing task force which is pressing toward its conclusion in its report to the President. I wouldn't presume to comment on what they're going to say, but in my meetings with them it is very clear that they think a major national effort involving the private sector and organized labor and the citizenry of this country at every level is in order.

Second, we had originally assumed that the auto-management portion of the windfall profits program that we originally outlined would include a ride-sharing program. I think you will now see that come in as a part of Ted's effort to keep it going in 1980 to make sure that that program is alive and well, and as somebody asked whether we would have a budget up here, we will and hope within the next several weeks to talk in more detail about it.

We have an active ride-sharing experimentation program that Ted's folks had under way before it was a fashionable word, and Tom Downs' people have had under way. I think it would be useful to talk in a little more detail about what we are doing and what we would like to get done. I would just say to you personally that my own hope—and I'm waiting for the task force to tell me whether they think it can be done—is that we set a quantitative goal for ride sharing that we can distribute fairly around the country and go out and try to achieve it so that you've got something to measure us against, and the country has something to measure its local efforts against. I think we can accomplish that.

Tom, do you want to——

Mr. DOWNS. Over the last 2 years, the Secretary's office has funded a demonstration program to fund ride-sharing activities, and has successfully implemented a ride-sharing demonstration program in 15 metropolitan areas.

We have taken the $3 million that we had out of the last act, and are going to apply those funds to ride-sharing demonstration programs that are already in the mill, that were submitted as a part of the first round applications for our ride-sharing demonstration funds. But we are finding as we fund ride-sharing programs that, as the Secretary pointed out, the majority of the interest and the majority of the payoff comes when there is an interface with the private sector. How well we can provide incentives, either tax incentives or information about how a ride-sharing program benefits a corporate sector, and how for these kind of programs can be provided for the private employer are crucial issues. That is where we are trying to go, to provide the incentives to the private sector to get deeply involved in ride sharing rather than a massive commitment of Federal dollars that would start a Federal program of ride sharing.

Mr. EDGAR. It occurs to me that there is a need in the private sector to reduce some of the institutional barriers, to give the seed assistance, and perhaps the tax incentives to move in that direction in a major way. I guess I have some problem with your use of the word "demonstration project," because I think in light of the 1973 and 1979 energy crises, it's no longer simply a demonstration project; it's a viable tool for reducing consumption of gasoline. In fact it is a viable option for some of our metropolitan areas as feeder routes, and also as a transportation facility for heading off to the workplace.

I notice that in your comment you didn't mention anything about the interest and pressure in getting transit authorities to use van pooling, car pooling, as feeder systems into their existing lines.

Secretary **Goldschmidt**. I want to make sure that this word "demonstration" doesn't leave you with the impression we think it is sort of a new idea. We have a lot of good, solid, creative proposals from local communities that haven't got a way to front end their projects. Some of them are taking FAUS money, as you know, and choosing to put a portion into a regional mechanism; we have some that have been working through UMTA and other mechanisms. We don't think there is anything experimental about it, except the point you made in the beginning is a critical one. They all have some kind of an institutional problem in their local area they want to beat once. If they can just get the program running, it is alive and well; and I think as you go around the country now, the real issue is the marketing problem, getting this program rolling and providing the infrastructure to make it work.

I don't think there is anything experimental about it, except I'm continually amazed under various State laws that there is always some peculiarity that they have to work out on group insurance, or whatever. We spent 2 hours with the Golden Gate Bridge Transportation District in San Francisco last week. You should see the numbers of riders they are bringing across that bridge system in car pooling and van pooling. And, of course, this should be seen as a setoff against capital investment they otherwise would have had to make in bridge facilities. It really is a great teacher of lessons; they were way ahead of us, and we are getting the benefit of their experience. So, I think in the next 30 days an enormous amount will be coming, hopefully, from our department, and we will see the beginning of a national effort.

Mr. **Howard**. The time of the gentleman has expired.

The gentleman from New Hampshire.

The gentleman from California

Mr. **Royer**. I just had one question in followup to Mr. Edgar's remarks.

It seems to me, and it's based on testimony that we received at one of the other hearings—I believe at the UMTA hearings—the greatest incentive you could make as far as car pooling is concerned is providing quicker time to get in separate lanes. What are we doing about that?

Secretary **Goldschmidt**. Let me say, first of all, I think the Federal Highway Administration is making a real effort to see that happen and to develop the package of incentives, which includes parking, to go with it. Convenience and easy lane accessibility and special lanes and other techniques are all part of a local planning effort, and as far as our regulations and our efforts go, we would encourage them

In my area, the transit district in fact ran the car pool-van pool program and sort of treated it as part of its effort. In other areas, the COG does it. The local arrangements vary a great deal. But your conclusion is correct. It is in fact a conclusion of the people who run the program. If that van is speeding downtown or wherever it's going at a quick rate, then people notice.

Mr. **Royer**. What I'm trying to get across is testimony that I heard at that other hearing indicated that where those car pool lanes are available, that 22 percent of the cars carried 63 percent of the people, or some number like that. Well, that's a tremendous savings, and it seems to me—and I know in checking back in California with what they're doing out there, it has worked very well where they put in the lanes and haven't taken a lane away to make it. What they suggested, at least the import I got was, yes, it will work very well if you provide additional lanes for the car pooling, but don't try and take away lanes that are already there and make a lane out of it.

Secretary **Goldschmidt**. Well, what you're talking about is not an engineering problem, but a political problem. We have been pushing a thing called TSM, transportation system management, and we are talking with State and local people about it. The idea is to get more mobility out of the capital investment that the public already has made in the highway and road system.

I was interested to find when we were talking to the Golden Gate Bridge district folks that the State highway department, which has to make those lanes available, has many miles of additional lanes in planning and engineering phases. Ultimately I think they will come in for some Federal funding. Had we gotten the full package of the windfall program, the auto-management section would have increased the availability of funds for this purpose on highways. We think that part of it will probably be delayed some.

Mr. **Royer**. Have we done any studies that would indicate what kind of increases we could get by putting dollars into buses and so on? Has that been looked at closely?

It seems to me that when somebody comes up with a figure that indicates to me that 22 or 23 percent of the cars are going to carry 60 percent of the people by this means, and it's not a reoccuring cost, that that tells me that is not a bad idea.

Mr. **Downey**. Congressman, we found that in setting up a ride-sharing, van pooling program, the cost of avoiding a mile of travel is about 5 cents a mile. In other words, it only cost about 5 cents a mile to eliminate that mile of travel through a ride-sharing van pooling program. That is kind of a backdoor way of answering your question, and I don't know what the comparable offset is in the transit field for the avoidance of a mile of travel, but it is very cost effective both in terms of energy savings, and just the sheer economics of travel now.

Mr. **Royer**. I guess all I'm trying to do is put more emphasis on looking into this area so that we don't let it get away.

Secretary **Goldschmidt**. We intend to go at it full bore. Unlike the transit portion where we had a group to work with, with APTA and others, the van pool, ride-sharing car pool program really required us to bring in people who have been running programs—3M Corp., and others, who have done a lot more with it than we have—and to take their advice. Out of the total of 1.8 million barrels of gasoline a day used by the automobile about 1.4 million barrels are used by single-passenger automobiles. The target is there to be hit, and we want to go after it.

Mr. **Howard**. The gentleman from California, Mr. Mineta.

Mr. **Mineta**. Thank you, Mr. Chairman.

I'd like to follow up again, Mr. Lutz, on something that you were indicating that there are about 400 or 500 buses that local districts have decided that they're going to apply for, but yet they haven't—that they've made application for, but they haven't gone ahead to bid on these.

Now, what——

Secretary GOLDSCHMIDT. Grants have been approved.

Mr. MINETA. Now, what has prevented them from going to the next step of going ahead and getting RFP's on those?

Secretary GOLDSCHMIDT. That's what I don't know. Again, once the grant is approved, if it is for a routine item, the timing of the going out for bid is largely in the grantee's hands. In certain cases, we approve the specifications; but if it is a very standard bus, they pretty well go ahead on their own. We are trying to find out just why. The grantees are not going out for bids under these approved grants.

Mr. MINETA. Again, trying to follow up on our subcommittee's report, and Mr. Secretary, you've indicated a procurement of 1,000 buses, part of it, I suppose, to make sure those lines are still rolling, and that we get those buses produced.

Now, will the buses be designed to operate in all geographical areas, since many States do have special requirements as far as emission or pollution requirements, and are you saying, "Let's pick a spec for the federally procured buses," and would that be only one specification?

Secretary GOLDSCHMIDT. We are not necessarily assuming that we could only order one bus. We need to have a user committee involved in this and make a judgment about it. The conclusion might be that there are two buses, for example, that would get to a majority of the national needs and would establish a floor below which production would not likely drop. Then manufacturers could also accept the cyclical orders.

One further point on the present delay in ordering buses. I don't know what the reasons are Congressman, but I'll tell you, I've watched transit districts in my State lapse their order to the end of the fiscal year so that they can gather up their entitlement for the next fiscal year and then combine them. I've watched them wait for the State legislature. I've watched them wait for local elections. I've watched them wait on local budget years. The list goes for beyond that. This is part of the reason why we came forward with this procurement issue. We all know they are going to make an order. It's just a question of when. And that when has the bus manufacturers who either want to come into the business or are already in it, sort of sitting there shaking their heads, saying, "This is not a very smart system for the country to produce equipment."

Mr. MINETA. Now, with the report that you will be coming up with on procurement where you have also not only worked on existing bus manufacturers, but getting new people in, what kind of followup will you have from your own office to that effort of having encouraged people to get into the business?

Secretary GOLDSCHMIDT. Well, as you probably know we had a consultant who spent several months just going out to visit manufacturers in the United States, and people who thought they might like to get into the business. His report will be provided to Ted and me within the next month. I think Ted then needs to make a judgment about the best way to follow up; but I think the opportunity for us to keep a dialog going with those people is one we shouldn't let drop.

Mr. MINETA. You feel that effort has to be maintained?

Secretary GOLDSCHMIDT. Absolutely.

Mr. MINETA. The other thing Mr. Lutz mentioned that you would be trying life cycle costs on ourselves before we impose it on the world. I'm wondering what you mean by that.

Mr. LUTZ. Well, the Congress has directed in the Appropriations Act, that life cycle costing be used. And the 1978 act includes a section regarding use of life cycle costing. I perhaps misspoke a little bit. We will have certain experiments with life cycle costing going on around the country in small buses, assuming we have the money to do it. For example, your area in Santa Clara is interested in a small bus life cycle procurement, and being the lead agent.

The city of Phoenix is interested in being a pilot project for using a life cycle procurement technology, a bid evaluation process for the standard size bus. As our proposed legislation clearly indicates, we believe life cycle costing is important enough that any direct Federal procurement program would also have to have life cycle. As we grapple with how to implement life cycle costing, I think we would be far more understanding of local government and transit authority problems if we have had to go through the process ourselves.

As the report of the oversight subcommittee clearly indicates, the whole transit field has had a straight downhill slide. It comes through loud and clear that since the war and until very recently, transit was in a downturn. Now we have in some ways an infant industry problem to how to bring in these new ways of doing business that the aircraft industry and other industries have had for a long time.

We are trying to build back up, and certainly we will have pilot programs to do it in an evolutionary way with local governments. And one of the benefits of the direct procurement program would be that we would do it ourselves so that maybe we could help learn from each other.

Mr. MINETA. The other area I'd like to get into, Mr. Secretary, is today your comment on the new starts issue.

About 2 years ago, CBO issued a report questioning whether new rail starts had any net energy savings; and the transit community responded by saying that the report ignored two essential factors: one, that rail systems would alter the pattern of metropolitan development in ways that will save energy; and second, that rail systems are the only mode that do not necessarily consume petroleum.

The transit community believed at that time that it had laid the CBO report to rest, but I'd like to know what your thinking is on the CBO allegation on new starts and energy. Is it still a factor in your thinking?

Secretary GOLDSCHMIDT. I tend to think that you just finally have to get down to talking not in generalities, but about a specific project. I think we have learned the following:

There is a place for rail. There are places in this country where rail would make sense, and there is room for new starts in the portfolio of this Government. That is the way we will approach it. However, we want the growth in ridership as quickly as we can get it in this decade. New starts won't buy us any ridership immediately.

Second, I do not think we ought to leave to local jurisdictions a decision about technology as a pure local option on the theory that whatever they can get, 80 percent of it will be capitalized by the Federal Government. We have gone to what Ted Lutz would call cost confidence engineering, which basically means that rather than treating an engineering grant as the point at which an award is made, that an engineering grant is a way for all of us to get much better numbers about what the real cost is going to be.

Finally, let me say that rail is an issue that engenders a lot of people's attention because it is kind of a sexy thing, or a toy. We don't see it that way. One particular point I want to make reflects a bias of mine. I don't think the issue of how many miles are underground should be a local political decision because it is in fact the tunneling that ultimately drives the costs of this technology through the ceiling. We are going to be very hard about what local communities finally say they have to have in order to make their system work, in terms of going underground and running it for miles.

Light rail, on the other hand, is not an incredibly expensive technology per mile. San Diego is looking at light rail. I think they purchased a little short-haul railroad, and they are going to use parallel routes along that. They've done a remarkable job.

Mr. MINETA. In that regard, Mr. Secretary, are you looking at your own process on alternative analyses and the time it takes, and the cost to local government on that factor?

Secretary GOLDSCHMIDT. Yes. I want Ted to describe this, if the committee wants to spend the time on it, how FHWA and UMTA are going to address this, because you have withdrawal projects in which there are mixtures of activity going on that take far too long to execute now on both sides.

Mr. LUTZ. Take for example the corridor project in Santa Clara. For the reasons the Secretary cited, and for the reasons you discussed, we feel alternatives analysis is important when you're talking about spending that amount of taxpayer's dollars. However, we should be able to move the planning process to get an answer more quickly. I was requested by Santa Clara and several other communities to "fast-track" the process a little bit by combining some elements of engineering type work with the alternatives analysis, so that rather than it being a serial process, they could be done in parallel. The Secretary and I feel this approach leads to a better governmental decision in a faster time frame, with the cost more clearly defined. This is important whether it is the citizens of California or the national taxpayer whose interests are involved in the decision of whether to move forward with the investment. In these projects around the country, we are trying to bring more engineering costs to the table as part of the alternative analysis, which helps make us a better decisionmaker, but also means that a process that used to be serial may be a little more parallel. I think we need an analytical process. The other point is, we do require energy impact as part of the environmental impact process. I would have to say that I'm not sure we fully and adequately consider the long range energy impact, the other point about the rail issue; namely, the reshaping effect on our communities. Unfortunately, in government, our focus is often too short term, and that kind of analysis gets lost; but the Secretary has said to me that in addition to looking at energy consumed during construction, we should also try to take a little harder look at the energy conserving patterns for the society. That's a tougher estimate, because you really don't know how land use will be integrated in with the project. We do realize that is essential to do and we can try and regulate some of that. We are not talking about Federal land use regulation; I don't want to get into that. We're talking about Federal insurance that the locals have a system in place. So, I think we are trying to look at the longer term impacts, and I guess, as one who was general manager of a rail system and seeing how it is helping to tie a community together in a more conserving pattern, I think it is essential that those longer range issues don't get lost.

Mr. HOWARD. The time of the gentleman has expired.

The Chair recognizes the gentleman from California, Mr. Anderson.

Mr. ANDERSON. Mr. Secretary, do you have any problem with the provision of our bill that would require transit systems to accept medicare cards as proof of eligibility for reduced off-hour fares for the elderly and the handicapped?

Secretary GOLDSCHMIDT. To be truthful, sir, I haven't thought about it very much. I've heard this debate in my own community but it's not a subject that we've discussed internally, and if you would like a written reply, I would give you one. I'm really interested, frankly, to hear what the operators have to say on the subject, whether or not mechanically it provides them with any problems.

[The following was received for the record:]

DOT SUBMITTAL

The Department of Transportation has no objection to this provision provided that transit operators are permitted to verify that the medicare card user is the person to whom it was issued by requiring the individual to present, in addition to the medicare card, some form of picture identification

This provision would probably increase transit ridership by making it easier for medicare card holders to obtain fare reductions for which they are eligible. Since reduced fares are required to apply only during off-peak hours when transit operators typically have excess capacity, the incremental costs of providing the service are likely to be negligible.

Mr. ANDERSON. In my area, the operator thinks it's a good idea, and I know the elderly and the handicapped do.

On behalf of the city of Los Angeles, I want to ask you about the Wilshire line. The environmental impact statement on the line has been cleared, I understand, by Mr. Lutz, and is now pending at the secretarial level. It has been the city's understanding that once it has received approval there, the city would begin to receive engineering funds. Would budgetary cutbacks that might be in the offing affect the timely delivery of these funds?

Secretary GOLDSCHMIDT. It is possible that it could be affected. I have been a little bit reluctant to comment on major new developments. We have discussions out in Honolulu and a lot of other places besides Los Angeles that might be affected. My hope is that it would not be. I would be happy to have Mr. Lutz describe precisely where that package sits for the record if you wish, but I cannot say today that it is impossible for the budget impacts to reach it.

Mr. LUTZ. Two things are important here. First, under our published procedures—and you quite accurately summarized them, Mr. Anderson—the environmental impact statement, when completed, goes to the Council of Environmental Quality for a 30-day comment period. After that, the decision that will confront me as administrator under our published regulations of March 1978, which guide this process, is whether to approve a preliminary engineering grant as an additional tool in the decisionmaking process. Again, to get the citizens of California, the citizens of Los Angeles, and the National Government in a better spot to decide whether the ultimate decision as to the letter of intent should be made.

We are trying to protect preliminary engineering money, and we must make as to whether we will grant it. That, of course, helps to shape the big decision on the overall project. I have tried to protect an amount which would permit, should we decide it is meritorious after the environmental process is completed, some of this analysis to get underway. As the Secretary said, he'll be testifying in the next week on the exact ramifications of the budget process. We are trying to continue to give L.A. an opportunity, should merit be there, to advance the analytical process as outlined in our regulations.

Mr. ANDERSON. The Commerce Committee has reported out a bill that will use $105 million of windfall profit money to help develop emerging rail corridors. Trains are the most fuel efficient mode of transportation—or among the most—and yet there has been some speculation that the administration may veto the bill which we will soon have on the house floor.

Mr. Secretary, what will your recommendation to the President on this issue be?

Secretary GOLDSCHMIDT. I would recommend the President not sign the bill if emerging corridor funding were in it, and I want to be very clear why.

First, we have done the work that Congress requested us to do on 19 corridors. There are some opportunities there, but it is not clear to us that they are opportunities that ought to be approached by appropriating funds at this point for engineering, and reserving additional funds for capital construction. I would leave to the Federal Railroad Administration people an analysis of the technical matters, but I have discussed this with them.

Second, we very vigorously supported the continuation of the Northeast corridor project, and agreed to have it attached to what is really a Rock Island Railroad bill. It is critical in my view that that Rock Island bill not be trafficked with too many things that are still in debate and argument. It ought to be passed. We were willing to have the Northeast corridor come back across from the House to the Senate and have argued with the Senate that they ought to take it up and settle it.

We do think that the emerging corridor issue is worth further discussion. I don't mean to put a lid on that and say there is no issue of merit there. But to be candid about it, at this point in time with what we're trying to get done with the budget, this just isn't the right time for us to be jamming into what is in effect our Department budget those additional resources.

Maybe I could say it another way. Whatever gets added in is going to have to push something else out the back door in our view, and we do not today have another program we would see as a good substitute. So I would not recommend that the President sign legislation which provides emerging corridor funding were it to come through for a decision.

Mr. **Anderson**. My last question is on the "cap." Now the administration proposal says, if I'm not mistaken, that a cap of 43 percent would be imposed as the maximum amount of total operating moneys that come from the Federal Government, and the 43 percent figure would be reduced by 3 percent each year during the life of the bill. Currently there is a 50-percent cap, and I know in my area I think Long Beach Transit uses 33 percent, and I believe RTD is something like 27 percent.

Now, the thing that concerns me is that in the November elections of this year the California voters will be deciding on whether or not to eliminate an additional 6 percent sales tax we have on gasoline. We have the Federal tax, we have our State tax; and on top of that in California we have a 6-percent sales tax that will be up for repeal. I know the station owners are fighting very hard to pass that. I am told that it may pass.

If this were to happen, my transit systems that operate with a great deal of that 6 percent sales tax money will find themselves in a problem if you put a 43-percent cap; and I don't think we're alone in this.

Don't you think there ought to be some emergency provisions to keep our transit systems in business? I don't get the real idea why we're bringing the cap down to as low as 34 percent.

Secretary **Goldschmidt**. Well, I wish I were good enough to explain it in a way that the average citizen would understand. It is complicated because mixing up two distinct measurement. One of them is the question of total operating costs and the other one is the question of deficits. At some point we should come in here with a comparative chart that shows what would happen in any transit district the committee would like us to review when you shift from one base of measurement to the other. My impression is, for example, that Los Angeles on this score would not be hurt.

Let me explain to you why I think it is important that there be a lid. We have to look at the issue from the perspective of someone sitting on a local transit board, and that's really where this country runs its transit systems. They aren't run by the Federal Government, and the States don't run too many. It's really the citizens that are sitting there. I found that when I was in the Conference of Mayors Transportation Committee, members of our board saying to me regularly—and I know they were also saying it to the people who represented them here trying to watch what was going on—when we are talking to our citizens about tax decisions like this one, or decisions on increasing fares, what should we tell our citizens that the Federal Government is going to do on operating subsidies over the next 5 years. Like sensible people, they are trying to think more than a year ahead.

I think there is a message here to be delivered, and it is that at some point you have reached the limit of what the Federal Government wants to share as a percentage of the cost of doing business with transit in your community. That's really what we are trying to attack. I would like Ted to talk specifically about why we decided on the proposed shift. But my sense is that it is a more reasonable way to measure the basis for Federal participation after hearing the arguments on both sides, and in fact that it is not going to cause terminal problems for people in local communities that are trying to keep their system running.

Mr. ANDERSON. Ted, before you answer, just let me crank in one more thing.

The Advance Design Buses currently being manufactured have on the average eight fewer seats than the buses previously manufactured. Additionally, they're less fuel efficient. These factors are dictating an increase in operating expenses.

Now, when you're talking about reducing the cap from the current 50 percent figure down to 34 percent; at the same time, you're going to be dictating an increase in operating expenses. So, will you crank that into your answer?

Mr. LUTZ. Yes, I will. The key point is that we are shifting from a deficit basis to a cost basis.

For example, let's take a hypothetical transit property that covers 50 percent of its cost from the fare box, and then the remainder—the deficit—is split between the Federal and local government on a 50-50 basis. The deficit is only 50 percent of the total operating costs, so the Federal contribution to operating costs in this hypothetical is 25 percent. The percentage of costs—not deficit—which the Federal Government's current formula covers in L.A. is percent, so that a 43-percent cap at this point would not hurt them. And we are assuming they are putting in new service. L.A. is expanding, replacing its buses. It hopes over time to have greater service through various other transit measures. It's service costs will go up, and we are saying that section 5 allocations ought to follow service.

I don't want to mislead you. It is not fair to compare 50 percent of deficit with 50 percent of cost, because they are usually two different things, unless somebody is running a no-fare system. But we believe that shifting to cost is proper, because it is a better measure of what the total demand is. Also, we are trying to send a signal to local officials; we don't think the Federal Government wants to tell them that they can plan that the Federal share of operating cost is going to be in the 40- to 50-percent range. We're trying to phase it down, because we think that if two-thirds or three-quarters, or whatever it is, of the cost of running the service is performed and financed by either the local or State taxpayer, or the user, that we can count on getting incentives for efficiency without a huge Federal regulatory bureaucracy; and that's what we're trying to achieve.

Mr. HOWARD. The time of the gentleman has expired.

The gentleman from California, Mr. Lewis.

The gentleman from Pennsylvania, Mr. Edgar.

Mr. EDGAR. Thank you, Mr. Chairman.

I have just a couple of what I hope will be very quick questions. Let me just go back to the bus issue again, just very briefly. I think the gentlemen, Mr. Royer, Mr. Mineta, myself, and others, have been very concerned about trying to get more bus development modernization. I think that our concern is that with the 2-year effort to let the private sector now develop regulations and engineering designs for a Transbus, many of the operators themselves may hesitate to go out and purchase buses. I guess our fear is that the second and third shifts of some of the bus producing companies, and there are only a few, will be laid off, resulting in a major reduction in the number of buses rather than an increase keeping pace with the loss of buses.

Do you have that same fear?

Secretary GOLDSCHMIDT. Congressman, let me respond this way: First, if we are able successfully to implement the program that we hope and expect that the President will adopt as a part of his balanced budget, and if both bodies of Congress adopt that, then the marketplace will be established. While there may be some shortrun dislocations which we need to worry about—that is, actually get out and push some districts to speed their orders up—we will be OK.

Second, we have not said this out loud, but I think it's implicit, that some people have been holding back to see what would happen on the 504 lawsuit and the question of whether they were going to be buying lifts permanently, and so on.

I am suggesting again to followup the comments that I made to Congressman Cleveland that if in the next 2 years the judgment were made to continue to require lifts to be provided on the buses, that would do no real damage to the manufacturing process, and the marketplace would be established.

Third, any experimental effort we undertake with the bus manufacturers of this country is supplementary to this. In fact, we would be providing that equipment to be operated in communities with the idea that no judgment should be made on that equipment until it has been operated, until it has been maintained, until it has been tried in cold weather and in warm weather, and it has been tested by all kinds of geographic terrain. Frankly, we would then want you to take a look at the information that had been developed, to decide whether at any point we ought to make a shift to that kind equipment as a standard piece of equipment in the country; and further, whether or not in light of what that equipment costs—which we couldn't tell you today—whether we ought to go back and reexamine the whole 504 question.

Now, we have said we think we can proceed over the next 2 years without impairing production, and that's the best observation I can give you.

Mr. EDGAR. What is your opinion on the fact that some of the advance design buses—in fact, all of them—you can't open the windows.

Secretary GOLDSCHMIDT. I think it is a bad idea. From my own standpoint, when the air-conditioning doesn't work, or something else doesn't work, it's stuffy in there.

Mr. Edgar. Do we need to change the law to do that, to amend the design so that the windows can open, or how do we deal with that?

Mr. Lutz. As one who almost lost a bus contract on that issue 1½ years ago, I think it is important to realize how we got there. That was when we were dealing with a new bus design. We had two different manufacturers, and Chairman Mineta's Oversight Committee's report brings this out, the Federal Government was put in the position of trying to adopt a specification which treated both of them equitably. And you must remember one key point. The Congress has directed that the Federal Government permit no specification to be approved that is discriminatory. So you get into—and I have one objective. I would like to see those of us in Washington get out of the business of setting specifications, but I still have to comply with the directions of Congress to make sure that the specifications at the local level does not discriminate against one manufacturer. You get into debates about whether putting in this widget on the specification is discriminatory.

So, we had to get a common specification, and that common specification at the time, at the request of both manufacturers and the special APTA bus technology committee, was for closed windows, and that was what was done. We are now relooking at that specific issue, and probably there will be an amendment to permit open windows. It was tied to the air-conditioning system. But the point is, and the Secretary and I have been discussing this, there is a real question of how far to let the local properties go in putting in little individual items. You get a continual pull between the bus industry, which is generally looking for more standardization as a national industry, and trying to let the local governments set their own kind of standards.

Secretary Goldschmidt. Let me say, commonsense ought to dictate in all of this. We really think the operators are the people we have got to keep talking to on this. But I'll tell you one thing, I am not enthusiastic about letting every local transit property go right out on the assembly line and recustomize their bus. It is basically passing the cost back to the Government. It just drives up the cost. So, I think the standardization issue is a worthwhile debate.

Mr. Edgar. I hope in that debate that you do allow them to open and shut the windows, because I know of areas where in fact buses are down and people can't use them simply because of the window issue.

Let me jump to another issue real quickly which I think is important before we markup any bill on public transit, and that's the issue of planning. It seems to me that we did not address this issue in the last markup of the legislation. It's a technical issue. No one likes it. It's not something that everybody gets excited about, but I understand that there's quite a bit of conflict and changing around by the metropolitan planning organizations, the regional planning organizations, and the operators themselves, given the way in which we ask them to do joint planning. Most of the people say to me that we can do better in the commonsense area of developing a simplified planning process that has more impact in effect and doesn't just become an annual document writing process that has no weight.

Are you going to send forward any suggestions for inclusion into the urban mass transit legislation of a simplified planning process that might work better?

Secretary Goldschmidt. Well, I think that the effort that Doug Wright, who is the Associate Deputy Secretary for Highways and Transit, is making with Ted and with John Hassell is to try to look at both FHWA and UMTA with an eye to the fact that the activities under the planning process, end up in council of government bodies, and other regional planning bodies, and need to be workable. But let me say to you that I think the realities are these—and I say this to you as somebody who has served in local government.

First, the regional planning bodies that are created are essentially a creature of Federal law to try to get more than one jurisdiction to look at their problems jointly and from a common economic base.

The problem we face is that they are a body without any real power. They don't have local tax support in many cases. They draw for their money on dues of local government. They battle with special purpose districts who have a single-purpose vision of the world, and I don't think any change in our law is going to fix that.

I found that serving on a COG—and I did for the whole time that I was mayor—was incredibly productive. We learned a lot about our neighbors, and I hope they learned something about us, and most of us found out that there was something to be benefited from.

In spite of all the complaints about the procedures, Congressman, I have to tell you that the real problem was getting people talented enough to stay up with the large cities, and to stay up with the large purpose jurisdictions that had a tax base, and had the money to pay for the talent they needed.

I'm willing to look at anybody's proposal to improve the planning procedures, but a lot of times, the procedural debates are really just sort of a smog—just sort of a turf fight. They really don't have very much to do with whether or not we could simplify the process and solve their problem. A lot of folks don't want to be in a regional body and don't want to plan in one, and a lot of folks don't like the answers they get out of them because they're telling somebody they don't think they ought to do what they're proposing to do.

You have to get down to a specific, I suppose, before I could give you an answer; but we're open to suggestions on the subject. We do not want our procedures to be the reasons why something that is already hard to do is made more difficult.

Mr. Howard. The time of the gentleman has expired.

The gentleman from California, Mr. Royer.

Mr. Royer. Yes, Mr. Chairman, I would just like to followup the gentleman from California, Mr. Anderson, and the formula situation. I certainly agree with your goal of getting the money where the passengers are, and so on.

I'm a little bit concerned that it's not going to get there, and I only use my own district for an example, which is San Mateo County, and the San Mateo County Transit District, which will lose money under your formula; and yet, in the past 3½ to 4 years has increased its ridership from 3-million ridership per year to almost

17 million, with the prospects of going considerably further. I hear the same thing from other areas of California. California is going to lose on this, and obviously, I want to protect that situation.

On the other hand, I agree with your goal. I guess what I'm trying to suggest that somehow the formula is going to have to be fine tuned better, because I can't see a district losing funds when they are actually increasing ridership to the degree that we're doing.

Secretary **Goldschmidt**. Let me say the following: First, losing is, I think, not quite accurate. We are proposing to hold everybody harmless. Nobody would lose. I'm talking about absolute dollars.

Second, what they are telling you, at least telling us in many cases is, we would do better if you would give us all this extra money under the current formula. So the loss occurs when you measure what happens. If you insert all this additional money that tries to recognize service against the same amount of money under the current formula. That's a fair argument, and that's an argument we have to respond to. The question is, how do we fine tune it? We are open on that subject, and the transit operators and the mayors and others are trying to work now to look at what we could do to deal with that.

If we shifted to a pure ridership formula, there are some inequities, I think, that would come also; and if we shift away from ridership from being an issue at all, there are some there as well. Congressman Anderson made the point, which I think is well taken, that there are some weaknesses in the way we go about it. We are really trying to balance those weaknesses against the security that you need as a member of this committee, that the measurements in fact are honest and real, and that once you adopt this system you can depend on the measurements being valid and not subject to cheating.

Mr. **Royer**. Well, Mr. Secretary, I think you're going to have a hard time explaining to those transit operators that they're not losing money when you change that formula, because even though you're going to hold them harmless and keep them where they are, the fact that you're changing the formula means that they will lose funds based on the original formula. It is going to be hard to sell, I think.

Now, I don't necessarily know that that's the question. I'm with you that we ought to get the money to where it's going to do the most good; but somehow that formula doesn't do it.

Now, something you indicated that concerns me is that apparently you have some information that indicates that there are a lot of buses riding around without a lot of people on them. I can tell you that's not the case in most areas that I know, and certainly not in our district, particularly during the peak hours. They're going standing room only. Did I misunderstand you?

Secretary **Goldschmidt**. Well, let me just say this to you. If you go around the United States and check to see how many transit properties have a requirement in their law imposed by their board or by their State legislature, which occasionally occurs, that they are to drop a line unless it gets 30 percent at the fare box, or 50 percent at the fare box, or whatever it is, I will be surprised if you find any, unless they put them in pretty quickly. I am talking about if you take every transit property in the country and see whether or not they have an automatic system of saying, "If this line doesn't generate a certain percentage of support at the fare box, we will get rid of it."

Now, I'm trying to say that there is—and continues to be a problem in the local community of achieving some kind of fare box support. It is a political issue, not a Federal issue.

The second point I will make, comes from an example in my own community. We have got equipment mismatched; we have got small buses in places where there are people left standing on the street, and big buses in places where they are not. The transit operator will tell you this is because they put the radios in the other buses.

Now, I don't want to solve that problem at the Federal level. I think they will just have to move the radios, or there has to be some other answer. They have a security problem and they put the radios in one place instead of another, and now we have got the big equipment that isn't quite as full as the small equipment. I am just saying there are things they can do at the local level.

Mr. ROYER. Well, Mr. Secretary, I like what you're saying. The only thing is the way you've got your formula based it affects the districts that I know. The districts aren't doing what you said. They're doing just the opposite. They're making every effort to put the buses where the people are so that they get the maximum ridership. They are even telling riders on certain lines that we can no longer take care of this line but we have got a line that we think will do better because we don't have enough buses for both. All I'm saying to you is I don't want—I want to make sure that the people that are operating efficiently don't get penalized by this formula, and I'm afraid they do.

Mr. HOWARD. The time of the gentleman has expired.

The gentleman from California, Mr. Anderson.

Mr. ANDERSON. Somewhat on the same section, once again talking about section 5 formula, you referred earlier to all the new cities that were soon going to become eligible for the funds because of their increased population.

How much money will they really siphon off from section 5? By definition with their low populations, they'll be eligible for only modest amounts, and I've been told in the past that many small urban areas haven't even been using or taking section 5 money. Can you comment on that so we'll know how much we're talking about?

Secretary GOLDSCHMIDT. I can't tell you how much it will be until we know how many they are, and how many of them apply. We will provide you with a list of the communities, and somebody else can speculate.

[The list mentioned above follows:]

The Department received the following information from the Bureau of the Census.

PROBABLE NEW URBANIZED AREAS

ALABAMA
Dothan

ARKANSAS
Fayetteville

CALIFORNIA
Fairfield
Lancaster
Napa
Palm Springs

COLORADO
Fort Collins
Greeley

FLORIDA
Fort Walton Beach
Panama City

GEORGIA
Athens

IDAHO
Pocatello

ILLINOIS
Danville
Kankakee

INDIANA
Bloomington
Kokomo
Marion
Michigan City

IOWA
Iowa City

KANSAS
Lawrence

MAINE
Bangor

MARYLAND
Hagerstown

MICHIGAN
Benton Harbor
Port Huron

MISSISSIPPI
Hattiesburg
Pascagoula

MISSOURI
Joplin

NEW MEXICO
Las Cruces

NEW YORK
Glens Falls
Newburgh

NORTH CAROLINA
Concord
Hickory

NORTH DAKOTA
Bismarck
Grand Forks

OHIO
Newark

OREGON
Medford

PENNSYLVANIA
Monessen
Sharon

SOUTH DAKOTA
Rapid City

TENNESSEE
Bristol
Johnson City

TEXAS
Longview
Temple

VERMONT
Burlington

VIRGINIA
Charlottesville
Danville

WASHINGTON
Bremerton
Olympia

WISCONSIN
Eau Claire
Jonesville
Sheboygan
Wausau

WYOMING
Casper
Cheyenne

TOTAL NUMBER: 54

POSSIBLE NEW URBANIZED AREAS

ALABAMA
Auburn
Decatur

CALIFORNIA
Chico
Escondido
Livermore
Merced
Redding
San Clemente
Santa Maria
Visalia
Yuba City

CONNECTICUT
Middletown

FLORIDA
Fort Pierce
Naples
Ocala
Titusville
Winter Haven

GEORGIA
Rome
Warner Robins

HAWAII
Kailua

ILLINOIS
Quincy

INDIANA
Richmond

- IOWA
  - Ames
- MARYLAND
  - Annapolis
  - Cumberland
- MASSACHUSETTS
  - Taunton
- MICHIGAN
  - Monroe
- MISSISSIPPI
  - Meridian
- MONTANA
  - Missoula
- NEW HAMPSHIRE
  - Portsmouth
- NEW MEXICO
  - Santa Fe
- NEW YORK
  - Jamestown
- NORTH CAROLINA
  - Goldsboro
  - Jacksonville
- OHIO
  - Middletown
- OKLAHOMA
  - Enid
- PENNSYLVANIA
  - New Castle
  - Pottstown
  - State College
  - Washington
- RHODE ISLAND
  - Newport
- SOUTH CAROLINA
  - Rock Hill
  - Sumter
- TENNESSEE
  - Jackson
  - Oak Ridge
- TEXAS
  - Denton
  - Victoria
- WASHINGTON
  - Bellingham
  - Longview
- WEST VIRGINIA
  - Beckley
- WISCONSIN
  - Beloit
  - Manitowoc
- PUERTO RICO
  - Aguadilla
  - Arecibo

TOTAL NUMBER: 54

Secretary Goldschmidt. I was only trying to say that no matter what we do with the formula, the status quo is not going to obtain. We will have two things occur in the 1980 census.

First, within the fixed universe of the amount of money appropriated, we will shift money on a population basis away from communities that have population loss to communities that have population growth.

Second, we will add some new communities.

So, when somebody says to me, "We will lose under the formula change, or we will gain," it is hard for us to tell exactly what will happen in 1981 or 1982 when these numbers finally hit the street; but we know something is going to happen anyway. I would think the shift will be a bigger factor than the addition of new communities.

Ted may be able to tell you precisely how many communities are now not asking for the money, or haven't taken advantage of it. I can think of one in my own State that has not taken full advantage of the current provision.

Mr. Lutz. Somewhere in the range of 30 communities that are eligible for section 5 funds have not chosen to use them. We think to some extent, also, that that is another indicator that at least the current formula deserves some change to bring it back to service rather than strictly population. As the Secretary has indicated, we want to work with the community and with the Congress to get the best formula, but we do feel very strongly that, since we have been talking about getting the service factor in these formulas for 10 years, it is about time we started to do it.

Mr. Anderson. Thank you, Mr. Chairman.

Mr. Howard. Mr. Secretary, on stating the administration position on realistic fare policies, we certainly do want to keep in mind that we can through our requirements drive the fares up in areas where we would be actually driving people away from public transportation, and that would of course defeat the whole purpose of what we're trying to do in public transportation; so we have to keep that in mind. I'm sure you agree with that.

Secretary Goldschmidt. Well, only in part. I think our experience has been that reliability and quality of service are more critical factors than fares. I've had that experience in my own community; and in our travels and talking to others, I think that is also the case. The other point I would make is that the increase at the fare box—for example, for fuel costs that Congressman Anderson was raising—is happening at a time when the cost of alternative forms of transportation are going up at even a faster rate.

If you are raising fares at a point in time when everything else is pretty much stable, it would be tough. But that is not the present situation.

Mr. Howard. On operating money, the administration bill does not require any local share, is that true? Well, by local share, you mean 43 percent from the Federal Government, and the fare box has 57 percent, then there is no local share.

Secretary Goldschmidt. That's possible. I think a better way for us to say it would be, we would be at 43, and the remainder would be non-Federal, and the judgment would be local as to how they would supply it. If they took your point of view that the increasing fares might drive the people away from the equipment at the time they want them to ride it, they might choose to provide it with taxes of the State or local level.

Mr. Howard. Let me put it another way. The administration bill does not require a local share. The bill that many of us introduced requires 50 percent local share, right?

Secretary Goldschmidt. Yes. Because we are shifting to a cost basis, Mr. Chairman. We're not keeping it keyed to deficits any more. We don't have the same share requirement.

Mr. Howard. The administration would eliminate any provision requiring any maintenance of effort locally, where the bill that many of us have introduced still retains that?

Secretary Goldschmidt. That is accurate.

Mr. Howard. Thank you. On the transit equipment that might be purchased by the Federal Government, the reason for this would be to make equipment more readily available, and perhaps cut down an awful lot of the—maybe they are local decisions. As I understand it, there is now a possibility of something like 46 different options for a back door for a bus that local people could consider; and in 46 different separate orders to a company, you might get 46 separate back doors which would mean retooling and changing and such things. This is what you would like to eliminate, and try to get as basic a bus as possible, so that the whole program can move more efficiently and more quickly, so that people can get their buses in a much shorter time than they do now where they make all those decisions?

Secretary Goldschmidt. Yes.

Mr. Howard. Also, we do have a concern, about a Buy American provision in the legislation, and this Buy American provision was worked out very carefully. We certainly do not wish to stifle international trade. We do not want to set up artificial price increases. We want to try and be assured that to the greatest degree possible American manufacturers can be the ones who manufacture this equipment, and also that there will be an assurance that when maintenance is needed, or new parts are needed, that we will not be going overseas. I understand that SEPTA recently accepted a bid—I believe it was a Japanese company that—for equipment there.

Now, in this Buy American provision, there are waivers for the Secretary. I think we've been very, very broad in this. First of all, the Secretary may waive the Buy American provision if he feels it's not in the, quote, national interest. The Secretary does not have to explain why, or tell anything. He can just make that determination, and that would waive it.

Another waiver would be an exorbitant, or very large price differential, so that we would not have these artificially very high prices for the United States; and also I believe mainly in the highway area if materials are not readily available in that area; but that goes across the board.

Do you think, perhaps, that if we get a more efficient bus purchasing program, if we can have fewer design changes, and get the buses produced in an expeditious way without a lot of expensive retooling, that very possibly, besides getting the buses sooner, the American producers might be able to be more efficient in their operation with all these changes, and bring the price down from where it is for American buses, and thereby not put you in the position of waiving as many aspects of the Buy American provision as has been in the past? I hope I'm not leading you to what you want to say——

Secretary **Goldschmidt**. No, I think this is an important issue. I would like to read a short provision from my formal statement, which I have submitted for the record:

"Further, I would welcome your assignment to use this resource"—this is the procurement resource—"as an instrument to encourage U.S. manufacturing and the jobs provided thereby." I go on to make the point that I don't think the windfall program was envisaged as a way of ending the export of dollars to buy oil only to replace it with the export of dollars to buy foreign equipment. We have been saying to the foreign manufacturers that they have a lot of creativity and technology, but if they expect to be a major supplier in our bus market, we would hope they would come into the United States and establish manufacturing plants. I will say for the record here, I still think that is in the country's interest and doesn't harm them at all.

With regard to your comments about the simplification of the bus, I think anytime you can help an assembly line to run more efficiently, to turn out more products per labor hour, the opportunity for that equipment to be more competitive will go up.

We do have a separate problem right now. There is at least one piece of equipment, the articulated bus, for which we anticipate a major demand in the transit industry, and which is not manufactured in any real quantity in this country. We would hope to encourage it to happen. Again, this could be an instrument to do this, or the industry may choose for the short term to advise the transit properties not to use it.

The issue we faced in Philadelphia involved a rail car situation, which is a little bit different than what we are seeing with the buses. Nonetheless, it exemplifies what is a legitimate concern of this committee, and frankly, of ours. We not only had a Japanese low bidder, but of the four bidders, the American company—which is actually German owned but located in Philadelphia—finished fourth out of four.

We faced the prospect of Pullman Car going out of business. We see over time the need, working with Amtrak and the transit properties, to try to get an additional manufacturer going in this country. I am not making a specific comment on Budd, but I think we need some competition and we need it to be here in thi country.

Mr. **Howard**. I just think that there are many aspects of this We've discussed the general idea of this unified procurement, something that certainly could be in the interest not only of the economy of the United States, but more efficient transportation. I think deserves a lot of consideration.

Are there any other Members who wish to be recognized?

If not, we wish to thank you very much for the discussion here and for your statement, and we're looking forward to next week where we may discuss another part of public transportation money and we'll look forward to seeing you then. I do have a series o questions which I would like to present to you which you may answer in writing and, without objection, will be made a part of the record at this point.

Secretary GOLDSCHMIDT. Thank you.

[The following was received for the record:]

THE SECRETARY OF TRANSPORTATION
WASHINGTON, D.C. 20590

MAY 15 1980

MAY 20 1980

Honorable Harold T. (Bizz) Johnson
Chairman, Committee on Public Works
and Transportation
U.S. House of Representatives
Washington, D. C. 20515

Dear Mr. Chairman:

Enclosed are responses to the additional questions you sent me in connection with my appearance before the Surface Transportation Subcommittee on pending transit legislation. I appreciate the opportunity to provide additional information on these important issues.

Sincerely,

Neil Goldschmidt

Enclosures

QUESTION 1: PART A

On October 11, the Department of Transportation issued a memorandum entitled "Improving the Urban Transportation Decision Process" which contains the Administration's five new urban transportation policy objectives aimed at revitalizing declining urban areas and central cities. It appears that these policy objectives have not only been accepted by FHWA and UMTA, but have already been implmented by the DOT in its I-675 decision in Dayton, Ohio. DOT rejected the completion of this highway segment even though the State approved the project and the Metropolitan Planning Organization for that area had this project in its long-range plan which was unanimously adopted by the MPO in January 1978.

The Subcommittee is concerned that the manner in which the Secretary made his decision is a Federal intrusion into and is inconsistent with the urban transportation planning and decision making process carried out by the States and MPOs as prescribed under law.

Does the Department of Transportation plan to modfy its FHWA and UMTA regulations for long-range urban transportation planning to implement the President's new urban policy objectives as they impact central cities? If so, what is the Department's timetable for implementation of these regulations?

ANSWER - PART A

Under the leadership of the Associate Deputy Secretary, DOT intends to revise the joint FHWA/UMTA planning regulations. There are several reasons for making the revision. First, the regulations do not make adequate provisions for assessing recently adopted national and Departmental goals related to air quality, energy conservation, urban goods movement, urban revitalization and transportation system management. Better procedures must be incorporated into local planning processes so that proper consideration and attention is given to them. Second, the 1980 census will add some 100 new urbanized areas to those required to meet the planning regulations. This has reemphasized the need for simplifying the planning requirements in areas where issues are less complex and planning can therefore be conducted in a more simplified form. Third, there is a need to clarify, simplify and make similar the project development, planning, and implementation procedures of the FHWA and UMTA.

Specifically in regard to the President's new urban policy objectives, we are examining the joint planning regulations to determine what changes, if any, are necessary to supplement the administrative actions which we have already taken.

QUESTION 1: PART B

In making its annual certification of the local plan, will the Department base its evaluation on whether it addresses the five urban policies or will it base its certification on an impact analysis approach? If DOT plans to take an impact analysis approach, wouldn't this approach undermine the overall planning process carried out by the State and MPO.

ANSWER - PART B

Certification requirements for the planning process are also under review. Currently, we are planning to continue the annual certification requirement for larger urban areas. This would include an evaluation of whether the planning process has given adequate consideration to the urban policy and other key national objectives.

In addition, we will also continue to review projects to ensure that they are consistent with national goals and objectives. Rather than undermine the overall planning process, our review will assure that impacts at the subarea level are consistent with those estimated at the system level.

QUESTION 1: PART C

Does DOT plan to continue making Federal decisions such as the one for Dayton on a project-by-project basis or will it solely rely upon the transportation planning process carried out by the MPO and State as they address these new urban policy objectives in the planning process?

ANSWER - PART C

We plan to continue to make Federal decisions on both the adequacy of the planning process and on the impact analysis of specific projects. However, we expect that the revised regulations will strengthen system planning and clarify the Federal objectives so that situation which arose in Dayton will be less likely to occur. The certification process will serve to identify problems early and forestall problems when the investment proposal reaches the project stage.

QUESTION 1: PART D

Why did DOT annually certify the Dayton area MPO plan which included completion of the I-675 if the Department thought that its completion would have a negative environmental impact on the city of Dayton or that the city of Dayton may not be adequately represented on the MPO board?

ANSWER - PART D

I believe that the decision on I-675 in Dayton was entirely consistent with a broad range of statutory authorities of the Secretary of Transportation. These include authorities under Title 23, including section 134; the National Environmental Policy Act, the Clean Air Act and others.

With respect to the Dayton situation I should note that DOT did not certify the Dayton area MPO plan. The Congress has made it clear over the years that they have not given DOT authority to approve or disapprove regional transportation plans. We did certify the planning process and continue to believe that the process in Dayton is generally adequate in meeting the requirements of section 134 and our joint urban transportation planning regulations. However, it was also clear that I-675, as proposed by the State and documented in the environmental impact statement, was not consistent with national environmental, energy conservation and community preservation objectives. The heated controversy at the local level and the documentation submitted to us from the City of Dayton and from the Miami Valley Regional Planning Commission (the MPO) made it clear that the construction of I-675 would have serious adverse impacts.

We made extensive efforts to encourage a local consensus on I-675. We worked through the MPO and made it clear that we would welcome a proposal that would serve the transportation, social, economic and environmental objectives of the entire region. Only when it became clear that a local consensus could not be reached through the MPO process did I make a final decision on I-675. My decision was inevitably a compromise and I did not expect that it would be fully satisfactory to anyone.

As the committee knows, we have encouraged the communities in the Dayton area, working through the MPO, to develop transportation plans which would meet the needs of the entire region and of the I-675 corridor and we have offered our assistance in that planning process.

QUESTION 2:

Mr. Secretary, in your appearance before the Subcommittee last week, you referred to a testing program for low-floor transit buses which sounded much like a revitalization of the Transbus program. Could you clarify the intent of this testing program, and indicate the Department's plans for the future of Transbus or Transbus-type programs.

ANSWER:

In the future I plan to announce an action plan for improving bus development in this country. This plan will include initiatives to stimulate the introduction of new and improved accessible buses into the public transportation service.

One possible initiative is a bus demonstration program. The purpose would be to provide better data on the comparison of different approaches to fuel efficiency, life cycle cost and accessibility. This would allow the transit operators the opportunity to establish a consensus of the value of various bus design features.

QUESTION 3:

I understand the reason these budget cuts are being made is to help fight inflation. One of the cuts is a reduction. One of the proposals is to reduce the amount of windfall profits tax dollars that will be used for mass transit by about $400 million in FY 1980 obligations. Since mass transit is a proven energy saver, and since energy costs are the single greatest cause of inflation, why is this program being cut?

ANSWER:

The Administration has sent a Supplemental Budget request to the Congress for an additional $670 million in FY 1980 for Section 3 mass transit capital grants. The President's January 1980, Budget indicated that the Administration would request a $976 million FY 1980 Section 3 supplemental following the enactment of the Windfall Profits Tax. The program increase was reduced largely on equity grounds; a reduction of approximately 9% was proposed in the FY 1980-1981 capital programs of all DOT modal programs. While the mass transit reduction in FY 1980 will delay the implementation of energy saving projects, significant program increases in FY 1981 and beyond should enable localities to make up most of the time delays generated by the FY 1980 reductions.

QUESTION 4:

How would DOT apportion funds in the Federal Highway Administration programs if it is necessary to impose a ceiling on FHWA expendituers? Would FHWA be converted to a formula, block grant arrangement? If so, where does DOT's authority come from for such a change. And wouldn't it be better to allow Congress to work its will on this subject?

ANSWER:

Current authorization levels are set in Section 102 and 104 of the Surface Transportation Assistance Act of 1978. Under 23 U.S.C. 104, the total authorization levels are apportioned on October 1 of each year to the states in accordance with different formulas for each category of program. Once they are apportioned, each state is "entitled" to its share of each categorized authorization. The rate at which states may obligate the funds depends upon the rate at which states are capable of advancing their projects, and on a nationwide limitation, or "ceiling," on total obligations, in a given year usually contained in appropriations acts. The purpose of such ceilings is to limit the rate at which Federal funds will be expended in subsequent years, when the states present vouchers for payment. They reduce the overall budgetary impact of the payments chiefly in subsequent fiscal years. It is important to understand, however, that the ceiling does not deprive any state of authorizations apportioned to it; it merely delays the time at which they may be obligated.

President Carter submitted a formal deferral message to Congress on April 16, 1980, which provided for a new obligation level of $7.6 billion for FY 1980 (excluding Emergency Relief), thereby deferring $1.15 million until the end of fiscal year 1980. By the terms of the deferral, the authority temporarily deferred on March 14 was released for obligation on April 2 under new conditions. States could use up to 75 percent of their share of the remaining $2.0 billion in obligational authority under the new ceiling before August 1, the remaining 25 percent thereafter. This time, however, the budget authority available for obligation for the remainder of the 1980 fiscal year was allocated to the states proportional to the 23 U.S.C. 104 statutory formulas, that is based on the fiscal year 1980 non-Interstate apportionment, fiscal year 1981 Interstate apportionment, and administrative allocations such as pavement marking.

The FY 1980 Appropriations Act contained an $8.75 billion obligation ceiling on the Federal-Aid Highway Program as a whole. The President's deferral and new obligation level also applied to the entire Federal-aid program rather than to its component funding categories. Decisions concerning which Federal funding categories are to be utilized are made by the States. The nationwide ceilings for Federal-aid funds on a lump sum basis rather than on a category-by-category basis have been consistent with guidance provided by the House Appropriations Committee reports for the past several years.

QUESTION 5:

The Administration has proposed a funding level of $350 million for ADAP F&E for FY-1981, compared to $525 million in the Committee bill. Given the existence of many needed safety improvements at airports around the country and the existence of a $3.2 billon surplus in ADAP trust funds, why is the Administration's request so low?

ANSWER:

The Administration's proposed funding level of $350 million for the Facilities and Equipment (F&E) program in 1981 was developed after a thorough evaluation of system requirements for the foreseeable future. It represents the first increment of a five-year F&E program of $2.1 billion. This far exceeds the $1.2 billion which was appropriated for this program for the five years, 1976-1980. We believe that our proposed funding levels will provide for the continued improvement of the airport and airway system.

The Committee's proposed level of $525 million cannot be justified on the basis that there is a substantial Trust Fund surplus. The large surplus is a reflection of constraints based on use of Trust Fund revenues for meeting operational expenses. Furthermore, the inflationary impact of additional spending is the same, regardless of the size of the Trust Fund balance.

QUESTION 6:

If it is unfair for O&M money to come out of general revenues, why is it fair for the air traveling public to pay their 8% ticket tax into a trust fund that is to be used for airport development and then just hold onto the money in order to help balance the budget?

ANSWER:

The Administration does not propose holding onto the Trust Fund money. Rather, our proposal is designed to draw down the Trust Fund balance gradually over a period of years until a balance is achieved between revenues and expenditures.

Contrary to the assertions of several members of Congress, the purpose of the Airport and Airway Trust Fund is not solely to finance airport development. The Trust Fund was created in 1970 for the twofold purpose of (1) providing a stable funding mechanism for an accelerated level of capital development in the Nation's airport and airway system, and (2) providing a source of funds that, over time, would be sufficient to cover the full cost incurred by the FAA in the operation and maintenance (O&M) of the national airspace system. The 1970 Committee reports of both the House Committee on Interstate and Foreign Commerce and the Committee on Ways and Means were quite clear in spelling out the views of both Committees that users of the aviation system should pay a much larger share of its costs that they were at that time, with the ultimate goal of achieving self-financing position for the civil part of the system. The 1970 Act thus provided for the use of the Trust Fund to pay "for the maintenance and operation of air navigation facilities and the conduct of other functions under section 307(b) of the Federal Aviation Act of 1958."

The aviation tax structure that was set in place in 1970 -- and which is still in effect today -- was intended to provide a sufficent flow of revenues into the Trust Fund to achieve an essentially self-sustaining status by 1980. Congress subsequently severely restricted the extent to which Trust Fund dollars could be used to cover system maintenance and operation expenses, but the tax revenues continued to be generated at the level which had been intended to finance airport development and O&M costs. This action was the primary cause of the growing Trust Fund balance.

Mr. HOWARD. The next witness before the subcommittee today, representing the American Public Transit Association, Mr. Richard S. Page, general manager, Washington Metropolitan Area Transit Authority. Welcome to the subcommittee, Mr. Page. We do have a copy of your statement. Without objection, that will be made a part of the record at this point, and please proceed as you wish.

[The statement was received for the record:]

TESTIMONY OF THE

AMERICAN PUBLIC TRANSIT ASSOCIATION

REPRESENTED BY

RICHARD S. PAGE

GENERAL MANAGER

WASHINGTON METROPOLITAN AREA TRANSIT AUTHORITY

WASHINGTON, D.C.

THANK YOU, MR. CHAIRMAN. I AM HAPPY TO BE ABLE TO REPRESENT THE PUBLIC TRANSIT COMMUNITY AGAIN IN FRONT OF THIS COMMITTEE. I LAST APPEARED BEFORE YOU ON JULY 17, 1979 AND, AT THAT TIME, CALLED FOR A NEW URBAN TRANSPORTATION STRATEGY AND A TRANSIT TRUST FUND. I SUGGESTED TARGETS OF:

- o AN ANNUAL GROWTH OF 10 PERCENT IN TRANSIT RIDERSHIP;
- o PRODUCTION AND DEPLOYMENT OF 10,000 BUSES EACH YEAR;
- o THE COMPLETION OF NEW RAPID TRANSIT LINES; AND
- o THE REBUILDING AND MODERNIZING OF EXISTING LINES.

SINCE THAT TIME, WE HAVE ALL WORKED TO ASSIST THE ADMINISTRATION IN ENACTING A WINDFALL PROFITS TAX. THE PROPOSED USES OF THIS TAX INCLUDED IMPLEMENTATION OF THE EXPANDED PROGRAM WE PROPOSED IN JULY.

TODAY, I HAVE COME TO GIVE OUR VIEWS ON PROPOSED LEGISLATION WHICH WOULD INCREASE SUBSTANTIALLY OUR PUBLIC TRANSPORTATION INVESTMENTS AND RESPOND TO CHANGES IN THE TRANSPORTATION HABITS OF AMERICANS.

PUBLIC TRANSPORTATION OVERVIEW

MR CHAIRMAN, I WOULD LIKE TO BEGIN WITH A PROGRESS REPORT ON PUBLIC TRANSPORTATION IN THE UNITED STATES. THIS NEW DECADE WILL BE A NEW ERA IN PUBLIC TRANSPORTATION.

IN SEPTEMBER AT OUR ANNUAL MEETING IN NEW YORK, PRESIDENT CARTER SAID THAT "PUBLIC TRANSPORTATION IS ONE OF THE KEYS TO THE FUTURE OF THE UNITED STATES OF AMERICA."

IN 1979, THE AMERICAN CONSUMER TURNED TO PUBLIC TRANSPORTATION IN EVERY COMMUNITY FOR AN INCREASED PORTION OF TRAVEL NEEDS. TRANSIT RIDERSHIP HAS INCREASED ANNUALLY SINCE 1972. IN THE LAST 30 STRAIGHT MONTHS, RIDERSHIP INCREASED OVER THE SAME MONTH IN THE PREVIOUS YEAR. THE 1979 INCREASE WAS AT AN ANNUAL RATE OF ALMOST 7 PERCENT. OVER 500 MILLION NEW TRANSIT TRIPS WERE TAKEN IN 1979. WE WEATHERED AN ENERGY SUPPLY CRISIS WHICH STARTED IN THE WEST AND SPREAD TO THE EAST. DURING THAT CRISIS, RIDERSHIP SURGES IN SOME COMMUNITIES WERE 40 AND 50 PERCENT.

THE NATION'S USE OF TRANSIT CONTINUES TO INCREASE. IN JANUARY, 1980, MORE THAN 35 MILLION MORE TRANSIT TRIPS WERE TAKEN THAN IN JANUARY, 1979, AN INCREASE OF 6.3 PERCENT.

IN WASHINGTON, D.C., OUR RIDERSHIP GAINS HAVE BEEN PHENOMENAL. IN THE LAST SIX MONTHS OF 1979, COMPARED TO THE LAST SIX MONTHS OF 1978, METRO'S BUS RIDERSHIP ROSE 31 PERCENT, AND OUR RAIL RIDERSHIP ROSE 39 PERCENT.

NEW BUSES AND MAINTENANCE AND GARAGE FACILITIES WERE DEPLOYED. CONSTRUCTION WAS INITIATED IN MIAMI AND CONTINUED IN BUFFALO. THE NEW ATLANTA RAPID TRANSIT LINE AND THE NEW MUNI METRO IN SAN

FRANCISCO WERE OPENED. RIDE-SHARING OPPORTUNITIES IN CAR POOLING, IN VAN POOLING, AND OTHER PARATRANSIT SERVICES WERE INCREASED. WORK CONTINUED TOWARDS A 1982 OPENING DATE FOR THE BALTIMORE RAPID TRNASIT PROJECT, AND ON EXTENSIONS IN NEW YORK, CHICAGO, PHILADELPHIA, BOSTON, AND PITTSBURGH. MODERNIZATION PROJECTS CONTINUED IN NEW YORK, CLEVELAND, CHICAGO, PHILADELPHIA, PITTSBURGH, NORTHERN NEW JERSEY, AND BOSTON.

THE ADMINISTRATION'S URBAN POLICY STRENGTHENED THE PUBLIC TRANSPORTATION PROGRAM BY IMPROVING LOCATIONAL DECISIONS FOR FEDERAL FACILITIES, STRENGTHENING CENTRAL CITIES, AND ASSURING THAT THE IMPACT OF FEDERAL PROGRAMS ON URBAN AREAS WOULD BE TAKEN INTO ACCOUNT.

IN ADDITION, THROUGH JOINT DEVELOPMENT OPPORTUNITIES, A PARTNERSHIP BETWEEN GOVERNMENT AND THE PRIVATE SECTOR HAS RESULTED IN THE LEVERAGING OF PUBLIC FUNDS TO INCREASE THE VITALITY OF MANY OF OUR CITIES.

THIS YEAR, OF COURSE, HAS ALSO BEEN A YEAR OF UNPARALLELED INFLATION. THE PRICE OF PETROLEUM HAS LED THE WAY, AND IN PUBLIC TRANSPORTATION, FUEL COSTS HAVE INCREASED 120 PERCENT SINCE MIDDLE DISTILLATE PRICES WERE DECONTROLLED IN 1976. WE ARE TRYING TO GRAPPLE WITH A DOUBLING OF THE SHARE OF COSTS FROM OIL FUELS.

THE PUBLIC TRANSPORTATION PROGNOSIS IS EXCELLENT; THE FUTURE IS BRIGHT, BUT IN ORDER TO GUARANTEE THAT FUTURE, IN ORDER TO GUARANTEE THE NEW ERA, WE MUST MAKE A FINANCIAL INVESTMENT. PUBLIC TRANSPORTATION COSTS ARE SHARED BY A PARTNERSHIP OF USERS, AND LOCAL, STATE, AND FEDERAL GOVERNMENT.

LET ME BE CLEAR. NEW RIDERS, FOR THE MOST PART, MEAN ADDITIONAL COSTS. WE ARE NEAR OR AT CAPACITY IN MANY OF OUR CITIES. THE RIDERSHIP INCREASE HAS IMPROVED OUR EFFICIENCY, AND, IN FACT, TRANSIT MANAGERS ARE COMMITTED TO COST CONTROL, TO INCREASING EFFICIENCY BY CUTTING INEFFICIENT SERVICES, AND TO MAKING MAXIMUM USE OF THE PUBLIC AND USER REVENUES.

AS WE LOOK INTO THE FUTURE, HOWEVER, WE REALIZE THAT PUBLIC TRANSPORTATION IMPROVEMENTS ARE AN INVESTMENT WE MUST MAKE, BUT ONE THAT WILL BE SHARED AMONG USERS AND ALL LEVELS OF GOVERNMENT. LOCAL AND STATE GOVERNMENT FUNDING FOR PUBLIC TRANSPORTATION IS ON THE RISE. DEDICATION OF TAX REVENUES TO PUBLIC TRANSPORTATION IS INCREASING. USER FEES ARE INCREASING. AND THE FEDERAL PROGRAM MUST KEEP PACE.

IN WASHINGTON, WE HAVE MADE FANTASTIC PROGRESS IN THIS PAST YEAR TOWARDS STABILIZING OUR FINANCIAL POSITION. WITH YOUR SUPPORT, MR. CHAIRMAN, CONGRESS PASSED AND THE PRESIDENT SIGNED THE FINAL METRORAIL CONSTRUCTION AUTHORIZATION BILL. LEGISLATION WILL ENABLE US TO COMPLETE THE CONSTRUCTION OF THE FULL 101-MILE

METRORAIL SYSTEM.

IN THE STATES OF VIRGINIA AND MARYLAND, WE HAVE ADVANCED PROPOSALS FOR STABLE AND ASSURED LOCAL FINANCING AS REQUIRED BY THE CONGRESS AND THE ADMINISTRATION. IN VIRGINIA, GOVERNOR DALTON RECENTLY SIGNED LEGISLATION WHICH WOULD GUARANTEE RESOURCES FOR PUBLIC TRANSIT OPERATING EXPENSES TO THE JURISDICTIONS OF NORTHERN VIRGINIA THROUGH A SALES TAX ON GASOLINE. IN MARYLAND, GOVERNOR HUGHES AND MARYLAND LEGISLATORS ARE ADVANCING A FINANCING PACKAGE THAT WILL PAY FOR FUNDING OF OPERATING EXPENSES IN THE MARYLAND JURISDICTIONS.

WE MUST MAKE A COMMITMENT TO A FINANCIAL INVESTMENT IN PUBLIC TRANSPORTATION SIMILAR TO THE COMMITMENT WE MADE IN THE 50'S TO ESTABLISH THE MOST SOPHISTICATED HIGHWAY NETWORK THE WORLD HAS EVER KNOWN. THE INVESTMENT IN PUBLIC TRANSPORTATION IN THE 80'S SHOULD RESULT IN A PUBLIC TRANSPORTATION SYSTEM SECOND TO NONE IN THE WORLD.

YES, THIS WILL BE A COSTLY INVESTMENT. BUT CONSIDER THE BENEFITS: JOBS, JOBS FOR AMERICANS IN OUR CITIES, IN OUR TOWNS, AND IN OUR VILLAGES; MOBILITY, MOBILITY FOR OUR CITIZENS SO THAT THEY CAN ACCESS THEIR COMMUNITIES IN EVERY RESPECT; A STRATEGIC DEFENSE, PUBLIC TRANSPORTATION WILL GIVE US THE OPTION OF PROVIDING FOR A SIGNIFICANT PART OF THE REQUIRED MOBILITY OF OUR COUNTRY IN THE EVENT OF ENERGY SUPPLY INTERRUPTION; AIR QUALITY, PUBLIC

TRANSPORTATION WILL DIRECTLY AND INDIRECTLY ASSIST IN THE ATTAINMENT OF THE STATUTORY AIR QUALITY GOALS; THE ECONOMY, OUR PUBLIC TRANSPORTATION PROGRAM WILL HAVE BENEFITS IN REDUCING INFLATION, IN REDUCING OUR IMPORTS OF PETROLEUM, AND EXPANDING ECONOMIC ACTIVITIES IN OUR COMMUNITIES; REDUCING TRANSPORTATION COSTS, PUBLIC TRANSPORTATION INVESTMENTS WILL HAVE A SUBSTANTIAL EFFECT IN LOWERING OVERALL TRANSPORTATION COSTS AS PEOPLE RELY MORE ON PUBLIC TRANSPORTATION FOR REGULAR COMMUTING TRIPS; AND ENERGY CONSERVATION, PUBLIC TRANSPORTATION WILL ASSIST IN CONSERVING ENERGY DIRECTLY BY PROVIDING MORE ENERGY-EFFICIENT TRANSPORTATION, AND INDIRECTLY BY HELPING TO SLOWLY CHANGE URBAN DEVELOPMENT PATTERNS FOR NEW JOBS, NEW BUSINESSES, AND NEW RESIDENCES INTO A MORE ENERGY-EFFICIENT PATTERN OF LAND USE.

PUBLIC TRANSPORTATION WILL CONTRIBUTE TO HEALTHIER, MORE VITAL CENTRAL CITIES, SUBURBAN AREAS, AND RURAL COMMUNITIES.

LEGISLATIVE PROPOSALS

WE ARE CONSIDERING LEGISLATIVE PROPOSALS ON THE PART OF THIS COMMITTEE, THE SENATE, AND THE ADMINISTRATION. ON FEBRUARY 17, 1980, THE AMERICAN PUBLIC TRANSIT ASSOCIATION ADOPTED A LEGISLATIVE POLICY STATEMENT TO PROVIDE A FRAMEWORK FOR OUR DISCUSSIONS WITH YOU AND WITH OTHERS IN THE CONGRESS CONCERNED WITH NEW AUTHORIZING LEGISLATION. I WOULD LIKE TO BRIEFLY REVIEW IT FOR YOU. A COPY IS ATTACHED TO THIS TESTIMONY.

WINDFALL PROFITS TAX

THE FIRST REFERENCE IS TO THE WINDFALL PROFITS TAX. WE HAVE SUPPORTED THIS PROPOSAL, AND WE ARE CONFIDENT THAT IT WILL BE ENACTED. ALTHOUGH WE ARE DISAPPOINTED THAT NO SPECIFIC STATUTORY EARMARKING WAS MADE FOR PUBLIC TRANSPORTATION, WE BELIEVE THAT REVENUES FROM THE WINDFALL PROFITS TAX SHOULD AND WILL BE USED FOR AN INCREASED LEVEL OF FEDERAL ASSISTANCE TO PUBLIC TRANSPORTATION. IN FACT, THE AUTHORIZING LEGISLATION WE ARE DISCUSSING TODAY WILL BE THE FIRST INCREMENT OF SUCH FUNDING FOR THE YEARS 1981-1985.

OPERATING ASSISTANCE

OUR SECOND KEY ISSUE IS FEDERAL OPERATING ASSISTANCE. THERE IS NO MORE URGENT NEED THAN INCREASING OPERATING ASSISTANCE. THE LOCAL, STATE, AND USER SHARE OF OPERATING COSTS IS NOW APPROXIMATELY 82 PERCENT NATIONWIDE. THIS SHARE IS EXPANDING. THESE DOLLARS ARE INCREASING. TO MAINTAIN THE PARTNERSHIP AND THE FEDERAL COMMITMENT, ADDITIONAL OPERATING ASSISTANCE IS NECESSARY. IN THE NEXT FIVE YEARS, WE ESTIMATE A NEED FOR APPROXIMATELY $11 BILLION IN FEDERAL OPERATING ASSISTANCE TO EXPAND SERVICES, TO KEEP UP WITH INCREASING COSTS, AND TO INCREASE THE FEDERAL SHARE TO CITIES EXPERIENCING PARTICULAR DISTRESS. WE BELIEVE THAT THE EXISTING OPERATING ASSISTANCE TIERS SHOULD GROW SO THAT ALL TRANSIT SYSTEMS, WHETHER THEY ARE IN LARGE CITIES, OR SMALL CITIES AND TOWNS, CAN CONTINUE TO RELY ON

THE ESTABLISHED LEVELS OF FEDERAL OPERATING ASSISTANCE AS THEIR COSTS INCREASE. WE ALSO PROPOSE THAT ADDITIONAL SECTION 5 FUNDS BE DISTRIBUTED TO THE LARGER CITIES WHERE THE FEDERAL SHARE IS NOW FAR BELOW THE AVERAGE. WE PROPOSE A NEW TIER OF SECTION 5, WHICH PROMOTES AND REWARDS TRANSIT PRODUCTIVITY.

BUS NEEDS

TURNING TO CAPITAL NEEDS, WE HAVE ANALYZED THE EXISTING BUS FLEET AND DETERMINED THAT OVER 14,000 OBSOLETE VEHICLES NEED TO BE REPLACED NOW. IN THE NEXT 10 YEARS, WE WILL NEED A TOTAL OF 75,000 VEHICLES TO INCREASE THE FLEET TO ACCOMMODATE INCREASING DEMAND AND TO RETIRE EQUIPMENT AS ITS USEFUL LIFE IS REACHED. WE WILL ALSO BUILD AND REHABILITATE BUS FACILITIES AND PURCHASE OTHER CAPITAL EQUIPMENT FOR OUR BUS SYSTEMS. THE TOTAL REQUIREMENT FOR THIS 10-YEAR PERIOD IS AS MUCH AS $16 BILLION.

RAIL MODERNIZATION NEEDS

IN THE RAIL CITIES, WHERE EXISTING SYSTEMS HAVE BEEN IN SERVICE FOR MANY YEARS, VITALLY-NEEDED MODERNIZATION AND REHABILITATION WORK MUST CONTINUE. WE RECOMMEND TO YOU THE PROPOSAL IN S.2296, WHICH WOULD DEVELOP AN INTERIM RAIL MODERNIZATION COST ALLOCATION PLAN, DISTRIBUTE FUNDS ON THE BASIS OF THIS COST ALLOCATION, PRODUCE A FINAL COST ALLOCATION PLAN, AND ESTABLISH A ROUTINE FUNDING MECHANISM FOR RAIL MODERNIZATION. THIS SYSTEM OF FUNDING RAIL MODERNIZATION WOULD BE AN EFFICIENT AND PRODUCTIVE WAY OF BEGINNING AND COMPLETING THE NECESSARY JOB. THE COSTS FOR THIS OVERALL PROJECT ARE ESTIMATED AT BETWEEN $16 and $18 BILLION.

COMMUTER RAIL

WITH RESPECT TO COMMUTER RAIL SERVICES, APTA, AND THE COMMUTER RAIL AUTHORITIES, ARE OPPOSED TO ANY SHIFTING OF COMMUTER RAIL SERVICE FUNDING ARRANGEMENTS TO THE UMTA BUDGET. THE AMTRAK TRAINS THAT ARE NOW LABELED COMMUTER TRAINS SHOULD BE RE-INCLUDED AS REGULAR AMTRAK TRAINS, AND THIS ENTIRE ISSUE SHOULD BE ELIMINATED FROM OUR AGENDA. APTA AND THE COMMUTER RAIL AUTHORITIES ALSO OPPOSE ALTERING THE SERVICE ARRANGEMENTS THAT ARE CURRENTLY IN EFFECT WITH CONRAIL.

NEW STARTS

AMONG THE PROGRAMS AND OPTIONS BEING CONSIDERED BY SEVERAL METROPOLITAN AREAS ARE LIGHT RAIL AND RAPID RAIL ALTERNATIVES. THESE "NEW START" PROPOSALS ARE DESIGNED TO PROVIDE SIGNIFICANT LEVELS OF ACCESSIBILITY TO MAJOR ACTIVITY CENTERS; TO REDUCE THE COMMUNITY'S TOTAL RELIANCE ON THE PRIVATE AUTOMOBILE; TO MAKE A SIGNIFICANT ENERGY CONSERVATION CONTRIBUTION; TO ASSIST US IN MEETING AIR QUALITY STANDARDS; TO PROVIDE CURRENTLY-NEEDED TRANSPORTATION CAPACITY, AND TO PROVIDE FOR THE GROWTH IN TRANSPORTATION CAPACITY NEEDED IN THE 1980'S AND 90'S WITHOUT REQUIRING MAJOR EXPANSION IN OUR EXISTING URBAN FREEWAY SYSTEM.

THESE PUBLIC TRANSPORTATION INVESTMENTS WILL BE INVESTMENTS IN URBAN MOBILITY FOR THE FUTURE. COST-EFFECTIVE RAIL TRANSIT PROPOSALS WILL BE PLACED WHERE TRANSPORTATION NEEDS EXIST, WHERE DEVELOPMENT REQUIRES IT, AND WHERE NEW INVESTMENT IN URBAN TRANSPORTATION CAPACITY IS A NECESSITY FOR THE FUTURE.

THE NEW START, SYSTEM EXTENSION, AND DPM CATEGORY, PROVIDES FUNDING TRANSIT INVESTMENTS JUSTIFIED OVER A LONG PERIOD OF TIME, AFTER CONSIDERATION OF THEIR LONG-TERM EFFECTS. WE CANNOT AFFORD NOT TO MAKE THESE INVESTMENTS. THE COSTS OF NOT MAKING THESE INVESTMENTS FAR OUTWEIGH THE COSTS OF MAKING THEM.

WE ENDORSE THIS COMMITTEE'S PROPOSAL TO PROVIDE A SUBCATEGORY IN SECTION 3 AUTHORIZING NEW STARTS, EXTENSIONS, AND DPMs. WE THINK THIS PROPOSAL WILL ENABLE THE NATION TO CONTINUE A STEADY NEW START INVESTMENT STRATEGY. A COMMITMENT FOR A CONSTRUCTION PROJECT MUST BE LONG-TERM, AND THIS SUB-CATEGORY WOULD PERMIT A FINANCING SYSTEM TO BE PUT IN PLACE BY LOCAL AND STATE GOVERNMENT TO SUPPORT ROUTINELY THE IMPLEMENTATION OF A MULTIYEAR PROJECT.

BUS PROCUREMENT

ATTACHED TO OUR TESTIMONY IS A COPY OF APTA's BUS PROCUREMENT TASK FORCE REPORT WHICH MAKES SPECIFIC RECOMMENDATIONS TO SOLVE THE SERIOUS PROBLEMS OF BUS PROCUREMENT. ONE KEY PROPOSAL IS THAT THERE BE LEGISLATION THAT AUTHORIZES THE URBAN MASS TRANSPORTATION ADMINISTRATION TO GUARANTEE TO ANY MANUFACTURER THAT COULD MEET REQUIREMENTS AS THE SECRETARY MAY MAKE, BUS PRODUCTION AT AGREED-UPON LEVELS. WE DO NOT BELIEVE THAT A DIRECT FEDERAL PROCUREMENT OF BUSES WOULD EVER BE REQUIRED IF SUCH A GUARANTEE WERE PUT INTO EFFECT; THE FLOW OF GRANTS

AND THE DEMAND FOR BUSES WOULD SURELY EXPAND, SO THAT IT WOULD BE UNLIKELY THAT ANY BUS WOULD BE ACTUALLY PURCHASED BY THE FEDERAL GOVERNMENT. RATHER THAN A DIRECT FEDERAL PROCUREMENT, WE ARE IN FAVOR OF A PRODUCTION GUARANTEE SO THAT THE MANUFACTURERS WOULD EXPEDITE THEIR ASSEMBLY LINES AND INCREASE THE RATE AT WHICH THEY MANUFACTURE BUSES.

BUS CAPITAL FORMULA

APTA MEMBERS HAVE DEBATED THE SECTION 5 BUS CAPITAL FORMULA AND DECIDED TO RECOMMEND CONTINUATION OF THE EXISTING POPULATION/ POPULATION DENSITY FORMULA. IT IS BASED ON EXISTING CENSUS DATA, AND WE BELIEVE IT SHOULD BE MAINTAINED. WE DO NOT FAVOR SHIFTING THE FORMULA TO A FACTOR WHICH NEEDS NEW DATA COLLECTION AND REPORTING REQUIREMENTS. WE JUST DO NOT BELIEVE IT IS WORTH IT.

EMERGENCY POWERS

WE BELIEVE THAT THE URBAN MASS TRANSPORTATION ADMINISTRATOR AND THE SECRETARY OF TRANSPORTATION MUST HAVE POWERS TO ASSURE THAT FEDERAL FUNDS ARE DEPLOYED WHERE THEY WOULD DO THE MOST GOOD IN AN ENERGY EMERGENCY. SPECIFIC PROVISION FOR THE WAIVER OF LEGISLATIVE OR ADMINISTRATIVE GRANT REQUIREMENTS AND FOR THE REPROGRAMMING OF APPROPRIATED FUNDS MAY BE THE ANSWER. IT MAY ALSO BE PRUDENT TO AUTHORIZE A SPECIFIC AMOUNT OF DOLLARS FOR THE PURPOSE OF ASSURING MOBILITY IN THE EVENT OF AN ENERGY EMERGENCY. WE RECOMMEND YOUR CONSIDERATION OF EMERGENCY POWERS LANGUAGE.

INTERSTATE TRANSFER PROJECTS

WE RECOMMEND THAT INTERSTATE TRANSFER TRANSIT PROJECTS BE FUNDED AT 90 PERCENT FEDERAL SHARE, RATHER THAN THE CURRENT 85 PERCENT.

TRANSPORTATION SYSTEMS MANAGEMENT

MR. CHAIRMAN, WE ENDORSE THE PROPOSAL IN H.R.6417 AUTHORIZING A TRANSPORTATION SYSTEMS MANAGEMENT PROGRAM. THIS CONCEPT WOULD HELP STATE AND LOCAL OFFICIALS IMPLEMENT A WIDE RANGE OF PROJECTS WHOSE GOALS ARE TO MAKE OUR EXISTING HIGHWAY SYSTEMS MORE PRODUCTIVE AND MORE EFFICIENT. TSM PROJECTS INCREASE THE CARRYING CAPACITY OF OUR HIGHWAYS, STREETS, AND ARTERIALS BY PROVIDING FOR PREFERENTIAL TREATMENT FOR HIGH-OCCUPANCY VEHICLES AND TRANSIT BUSES; FRINGE AND CORRIDOR PARKING FACILITIES; CAR POOLS AND VAN POOLS; AND VARIOUS TRAFFIC ENGINEERING IMPROVEMENTS TO INCREASE THE FLOW OF PEOPLE.

MR. CHAIRMAN, A TSM CATEGORY IS IMPORTANT. IT WILL BRING PUBLIC TRANSPORTATION OPERATORS, TRAFFIC ENGINEERS, AND HIGHWAY OFFICIALS TOGETHER WITH COMMON OBJECTIVES.

I BELIEVE THAT THIS PROPOSAL WARRANTS PRIORITY THROUGH FINANCING FROM WINDFALL PROFITS TAX REVENUES. THE TSM PROGRAM SHOULD BE FINANCED FROM GENERAL REVENUE ACCOUNTS ALLOCATED FROM THE WINDFALL PROFITS TAX. WE HOPE THAT YOU RECOMMEND ENACTMENT OF THE TSM PROGRAM WITHIN H.R.6417.

HUMAN RESOURCE FUNDING

WE HEARTILY ENDORSE AND RECOMMEND TO YOU THE ADMINISTRATION PROPOSAL OF FUNDING FOR THE SECTION 20 HUMAN RESOURCES ACTIVITIES. WE BELIEVE A SPECIFIC INVESTMENT IN TRAINING AND DEVELOPMENT IS AN URGENT PRIORITY.

SECTION 5 FORMULA

THE ADMINISTRATION HAS PROPOSED REVISION OF THE SECTION 5 TIER 1 AND TIER 2 FORMULA. ALTHOUGH WE AGREE WITH THE GOALS AND OBJECTIVES OF THE ADMINISTRATION'S REVIEW OF THE DISTRIBUTION OF THESE FUNDS, WE DO NOT BELIEVE THAT SUCH A SIGNIFICANT AND BASIC CHANGE SHOULD BE HASTILY ENACTED. WE ARE NOT CONVINCED THAT THE SPECIFIC PROPOSAL MADE BY THE ADMINISTRATION, IN FACT, WOULD IMPLEMENT THE STATED GOALS AND OBJECTIVES. AT THIS TIME, THEREFORE, WE RECOMMEND THAT YOU CONTINUE THE EXISTING SECTION 5 DISTRIBUTION FORMULA. CONSIDERATION OF SIGNIFICANT CHANGES TO THE FORMULA SHOULD AWAIT THE DEVELOPMENT OF DETAILED INFORMATION ON IMPACTS TO INDIVIDUAL AREAS AND AN ANALYSIS OF WHETHER THESE IMPACTS MEET THE OBJECTIVES. IN ADDITION, WE BELIEVE THE IMPACT OF THE 1980 CENSUS NEEDS TO BE STUDIED PRIOR TO THE ADOPTION OF A NEW SECTION 5 DISTRIBUTION SCHEME.

OPERATING ASSISTANCE CAP

THE ADMINISTRATION ALSO IS PROPOSING THAT A CAP BE PLACED ON THE USE OF FUNDS ALLOCATED TO EACH URBANIZED AREA FOR OPERATING ASSISTANCE. WE STRONGLY OPPOSE THIS ATTEMPT TO IMPOSE ON LOCAL-

ITIES A FEDERAL DECISION ON THE USE OF THE FUNDS THAT ARE ALLOCATED IN SECTION 5. THE DISTRIBUTION OF FUNDS TO INDIVIDUAL URBANIZED AREAS IS DETERMINED BY THE FORMULAE AND BY THE AMOUNTS ALLOCATED. ONCE FUNDS ARE APPORTIONED TO AN INDIVIDUAL URBANIZED AREA, SECTION 5 PROVIDES FOR LOCAL DECISION-MAKING AS TO USING THEM FOR OPERATING OR CAPITAL ASSISTANCE. THIS SHOULD CONTINUE.

THOSE AREAS WHICH ARE NOW USING FEDERAL ASSISTANCE FOR A HIGHER SHARE OF TOTAL OPERATING COSTS THAN SOME ADMINISTRATION OFFICIALS BELIEVE IS WISE ARE BUILDING TRANSIT SERVICES FOR THE FUTURE. IN FACT, RIDERSHIP INCREASES FOR SMALLER TRANSIT SYSTEMS HAVE BEEN AVERAGING 20 PERCENT NATIONWIDE. FEDERAL FUNDS ARE CREATING AN OPPORTUNITY FOR SIGNIFICANT PUBLIC TRANSPORTATION IMPROVEMENT. NEW SERVICES ARE BEING DEPLOYED, RIDERSHIP HABITS ARE BEING DEVELOPED, AND LOCAL FINANCIAL COMMITMENTS ARE BEING MADE. DESPITE THE SIZE OF THE FEDERAL SHARE, WE CAN NOT FORGET THAT FOR EVERY FEDERAL DOLLAR THERE IS A LOCAL MATCHING DOLLAR TO SHARE IN THE COST OF OPERATING THE TRANSIT SYSTEMS. APTA HAS RECEIVED OVER FIFTY LETTERS FROM TRANSIT AGENCIES AND MUNICIPALITIES WHO ARE OPPOSED TO THIS PROPOSAL, WHO ARE STRUGGLING TO MAINTAIN MOMENTUM AND GRAPPLE WITH INCREASED DIESEL FUEL COSTS, AND INCREASING RED TAPE. THEY BELIEVE A CAP WOULD BE A BROKEN PROMISE. THEY BELIEVE THAT A CAP WOULD IMMEDIATELY HARM LOCAL EFFORTS TO DEVELOP PUBLIC TRANSPORTATION. WE SEE NO POLITICAL OR FINANCIAL BENEFITS FROM THIS CAP PROPOSAL, AND, THEREFORE, WE STRONGLY OPPOSE IT.

SECTION 18

WE ENDORSE AN EXPANSION OF THE SECTION 18 PROGRAM BECAUSE PUBLIC TRANSPORTATION IS A GROWING SOCIAL PRIORITY IN SMALL URBAN AND RURAL AREAS. RESIDENTS OF THESE AREAS HAVE MORE SEVERE MOBILITY PROBLEMS THAN THEIR CITY COUSINS. THROUGHOUT THE NATION, LOCAL AND STATE AGENCIES ARE RESPONDING TO URGENT TRANSPORTATION NEEDS, AND ADDITIONAL SECTION 18 FUNDS ARE REQUIRED. WE ENDORSE THE FUNDING LEVELS PROPOSED IN H.R.6417.

INCENTIVE TIER

THE ADMINISTRATION IS MAKING AN EXTREMELY POSITIVE SUGGESTION FOR AN INCENTIVE TIER IN SECTION 5. WE AGREE WITH THE OBJECTIVE OF THIS PROPOSAL; HOWEVER, WE HAVE RESERVATIONS ON THE SPECIFIC TECHNIQUES PROPOSED. FIRST, WE ARE CONCERNED THAT ADMINISTERING THE INCENTIVE TIER COULD REQUIRE A NEW AND BURDENSOME DATA COLLECTION AND REPORTING SYSTEM AT THE LOCAL LEVEL. SECOND, WE SEE DISTRIBUTION INEQUITIES IN EACH OF THE PROPOSED INCENTIVES.

THE GOAL OF AN INCENTIVE TIER TO REWARD PRODUCTIVITY AND PROMOTE INCREASED USAGE COULD BE IMPLEMENTED WITH ANOTHER PROPOSAL FOR AN INCENTIVE TIER. THIS PROPOSAL IS BASED ON DATA ALREADY BEING COLLECTED BY UMTA. THE DISTRIBUTION OF INCENTIVE TIER FUNDS WOULD BE BASED ON THE INDIVIDUAL AGENCY'S SHARE OF THE NATIONAL TOTAL FAREBOX AND OTHER TRANSIT REVENUES PLUS EARMARKED TRANSIT TAXES FROM ANY LOCAL, REGIONAL, OR STATE SOURCE APPLIED TO OPERATING EXPENSES. THIS DISTRIBUTION WOULD REWARD THE COMBINATION OF LOCAL COMMITMENT AND RIDERSHIP DEMONSTRATED BY FAREBOX AND

OTHER TRANSIT REVENUES AND EARMARKED LOCAL, STATE, OR REGIONAL TAX REVENUES. WE WOULD PROPOSE THAT THIS INCENTIVE DISTRIBUTION REPLACE THE PROCEDURE PROPOSED BY THE ADMINISTRATION, AND THAT $200 MILLION ANNUALLY BE AUTHORIZED TO FINANCE IT.

SECTION 504 REGULATION

AS YOU KNOW, MR. CHAIRMAN, THE DEPARTMENT OF TRANSPORTATION ISSUED REGULATIONS LAST MAY WHICH WENT INTO EFFECT ON JULY 1, 1979, REQUIRING, IN PART, THAT EVERY BUS PURCHASED WITH FEDERAL FUNDS BE EQUIPPED WITH A WHEELCHAIR LIFT, AND THAT KEY RAIL TRANSIT BE RETROFITTED WITH DEVICES TO ACCOMMODATE WHEELCHAIRS. APTA FILED SUIT CHALLENGING THE REGULATIONS IN U.S. DISTRICT COURT IN WASHINGTON, D.C.

THE REGULATION MANDATES A SINGLE RIGID NATIONAL SCHEME FOR IMPLEMENTING SECTION 16 OF THE URBAN MASS TRANSPORTATION ACT AND SECTION 504 OF THE REHABILITATION ACT OF 1973. THE PURPOSE OF THE LITIGATION WAS TO SUBSTITUTE A FLEXIBLE APPROACH BASED ON THE EFFECTIVENESS OF LOCALLY-DEVELOPED PROGRAMS TO ASSURE MOBILITY TO PERSONS WHO CANNOT NOW USE PUBLIC TRANSPORTATION.

IN NOVEMBER, 1979, THE CONGRESSIONAL BUDGET OFFICE ISSUED A REPORT ENTITLED URBAN TRANSPORTATION FOR HANDICAPPED PERSONS: ALTERNATIVE FEDERAL APPROACHES. THE REPORT COMPARES THE COSTS AND EFFECTIVENESS OF THREE ALTERNATIVE OPTIONS TO INCREASE THE MOBILITY OF DISABLED PERSONS, INCLUDING THE APPROACH OF DOT'S REGULATIONS. CBO CONCLUDED THAT THE DOT RULES "WOULD PROVE

EXTREMELY COSTLY AND WOULD BENEFIT A RELATIVELY SMALL NUMBER OF HANDICAPPED PERSONS." THE TWO OTHER OPTIONS, THE CBO SAID, "WOULD SERVE MORE HANDICAPPED PERSONS AT A LOWER COST" THAN THE DOT REGULATIONS.

STUDIES OF THE COST OF RETROFITTING RAIL SYSTEMS WERE MANDATED BY THE CONGRESS IN SECTION 321 OF THE 1978 SURFACE TRANSPORTATION ASSISTANCE ACT. THESE STUDIES ARE UNDERWAY, AND THE RESULTS SHOULD BE AVAILABLE TO THIS COMMITTEE SOON. PENDING THIS COST ANALYSIS, THE 1980 APPROPRIATIONS ACT FOR UMTA PROHIBITED THE USE OF FEDERAL FUNDS TO IMPLEMENT THE RAIL RETROFIT REQUIREMENT.

ON FEBRUARY 7, 1980, JUDGE LOUIS OBERDORFER RULED ON APTA'S SUIT. HE RULED THAT DOT HAD BEEN GIVEN BROAD AUTHORITY BY THE CONGRESS TO IMPLEMENT A POLICY CONCERNING PUBLIC TRANSPORTATION SERVICES FOR DISABLED PERSONS, AND THAT THE RULES WERE THEREFORE LEGAL. HE ALSO RULED THAT DOT HAD NOT UNDERTAKEN ADEQUATE ENVIRONMENTAL IMPACT ANALYSIS, AND ORDERED THAT A FINAL EIS BE PREPARED BY SEPTEMBER 1, 1980. HE DID NOT GIVE TRANSIT SYSTEMS RELIEF FROM THE REGULATION.

THE COURT TOOK JUDICIAL NOTE OF VARIOUS CONGRESSIONAL ACTIONS ON THIS ISSUE, INCLUDING THE CBO REPORT, THE SECTION 321 STUDIES, AND THE 1980 APPROPRIATIONS ACT. IN DESCRIBING THE DOT POLICY, AS CONTAINED IN THE REGULATIONS, THE OPINION STATES, "THE WISDOM OF THE CHOICE, AND INDEED THE QUESTION WHETHER IT IS THE CHOICE CONGRESS INTENDED, IS NOT FREE FROM DOUBT." FURTHER, "CONGRESS

HAS THE CHOICE UNDER ACTIVE CONSIDERATION. IT IS COMPLETELY FEASIBLE FOR CONGRESS TO REVERSE OR REVISE THAT CHOICE."

MR. CHAIRMAN, WE ARE DEEPLY CONCERNED THAT THESE REGULATIONS ARE NOT PRUDENT OR EFFECTIVE. THEIR COSTS ARE PARTICULARLY BURDENSOME IN LIGHT OF THEIR PROVEN LACK OF EFFECTIVENESS. WE REQUEST THAT YOU CONTINUE YOUR ACTIVE CONSIDERATION OF THE MATTER.

AUTHORIZING LEVELS

WE HAVE ATTEMPTED TO PROVIDE THIS COMMITTEE AND THE CONGRESS WITH A RATIONAL AND WELL-RESEARCHED STATEMENT OF FINANCIAL NEEDS FOR THE FEDERAL PUBLIC TRANSPORTATION CAPITAL AND OPERATING PROGRAM. WE HAVE REVIEWED THE AUTHORIZING LEVELS RECOMMENDED IN S.2296, H.R.6417, AND THE ADMINISTRATION PROPOSAL.

APTA AGREES WITH THE SECTION 3 CAPITAL AND SECTION 5 FORMULA BUS CAPITAL ASSISTANCE LEVELS PROPOSED IN S.2296 AND THE PROPOSED SECTION 18 LEVELS OF H.R.6417.

WE RECOMMEND, HOWEVER, SIGNIFICANTLY HIGHER AUTHORIZATION LEVELS FOR SECTION 5 TIERS 1, 2, AND 3, AND SEPARATE AUTHORIZATION FOR AN INCENTIVE TIER. THE TOTAL AVAILABLE IN THESE CATEGORIES FOR THE FIVE YEARS WOULD BE $11.025 BILLION.

TRANSPORTATION TRUST FUND

MR. CHAIRMAN, SEVERAL YEARS AGO YOU ENDORSED THE CONCEPT OF A FINANCING SOURCE FOR A PUBLIC TRANSPORTATION TRUST FUND. IN FACT, THE FULL HOUSE REJECTED YOUR PROPOSAL TO INCREASE THE GASOLINE TAX, TO ADD NECESSARY FUNDS TO THE HIGHWAY TRUST FUND, AND TO FINANCE PUBLIC TRANSPORTATION PROGRAMS.

PRESIDENT CARTER'S RECENT IMPOSITION OF AN OIL IMPORT FEE AND HIS STATED INTENTION OF SUCCEEDING THAT FEE WITH AN INCREASE IN THE FEDERAL GAS TAX OF 10 CENTS A GALLON OFFERS A NEW PROSPECT FOR THE SUCCESS OF YOUR FUNDING PROPOSAL.

WE URGE YOU TO AGAIN ASSUME THE LEADERSHIP IN RESPONSE TO THE PRESIDENT. WE ENDORSE THE IMPOSITION OF A 10-CENT INCREASE IN THE FEDERAL GASOLINE TAX TO REPLACE THE OIL IMPORT FEE, AND RECOMMEND THAT REVENUES COLLECTED FROM GASOLINE TAX INCREASES BE USED; FIRST, TO MAKE THE HIGHWAY TRUST FUND WELL, SO THAT NECESSARY PROGRAM EXPENDITURES CAN BE FINANCED; AND SECOND, TO PROVIDE A STABLE AND ASSURED SOURCE OF FUNDING FOR OUR EXPANDED PUBLIC TRANSPORTATION SYSTEM PROGRAM.

PRESIDENT CARTER HAS PROPOSED IT. WE URGE THIS COMMITTEE TO WORK FOR ITS ENACTMENT AND ASSURE ITS TRANSPORTATION USE.

MR. CHAIRMAN, THAT COMPLETES MY PREPARED TESTIMONY. I WOULD BE HAPPY TO ANSWER ANY QUESTIONS YOU MIGHT HAVE.

APTA LEGISLATIVE POLICY STATEMENT

Adopted February 17, 1980

When Congress passed the Surface Transportation Assistance Act of 1978 (amending the 1964 Urban Mass Transportation Act), it was anticipated that there would be a regular reauthorization cycle every two years. However, the 1980 legislation will be a major authorizing bill rather than merely a two-year update. Accordingly, APTA has adopted the proposals contained in this paper as its 1980 legislative policy.

A. WINDFALL PROFITS TAX

In addition to regular transit program funding, we are working with the windfall profits tax legislation which followed the President's decision to decontrol the price of oil. In calling for this new tax, the President asked that the revenues be put into an Energy Security Fund and used for limited and specific purposes--including public transportation. The bill has passed the House and Senate and is being considered by a conference committee.

APTA supports:

- Establishment of a separate public transportation trust fund (with contract authority) financed by 25 percent of the tax revenues;
- Failing that, an earmarking of 25 percent of the revenues to be available for public transportation through the regular authorizing and appropriating processes;
- Or, at least, an Energy Security Fund to house all the revenues with stated purposes that are limited and specific, including public transportation.

B. OPERATING ASSISTANCE

There is no more urgent transit need than increased operating assistance in this era of national energy crisis. The public demands more service. The cost of providing service is increasing dramatically as a result of escalating fuel, power, and labor costs. As existing fleet and facilities are used more intensively and additional buses and fixed guideway systems are introduced, operating costs will increase even more dramatically. But these service demands must be met in the interest of energy conservation.

Since 1975, the federal government has joined with state and local governments and transit passengers in supporting the operating costs of public transportation systems. In the next five years and the next decade, federal support should expand to keep us with expanding service requirements, increased costs, and increases in other revenue sources.

A substantial portion of Windfall Profits Tax revenues must be allocated to increased federal operating assistance.

For all these reasons, APTA urges that a minimum of $11.0 billion be made available from federal funds for operating assistance during the next five years. In addition, funding to meet direct increases in operating costs attributable to DOT's 504 regulations will require $300 - $500 million annually.

In light of these facts, APTA supports:

- full appropriation of transit operating assistance funds to the levels of authorization;
- increased authorizations and appropriations for federal operating assistance through the use of Windfall Profits Tax revenues in a new tier of Section 5 which promotes and rewards transit productivity, and allows those transit systems which do not presently receive 25 percent of their operating costs from federal assistance to move progressively toward that level;
- steady growth in the existing tiers of Section 5 operating assistance to ensure that all transit systems can continue to rely on their established levels of federal operating assistance as operating costs increase over time; and
- the inclusion of one-year advance appropriations of operating assistance.

C. BUS AND BUS FACILITIES

1. Bus Replacement

Of the 51,968 buses in the national fleet, 14,775 are more than 13 years old. To replace these and to keep current during the decade 1981-1990 will require 44,517 buses. At an estimated $112,000 per bus of federal dollars, the total needed for 10 years would be $4,986,000,000. Of this amount, approximately 15 percent, or $750 million, is attributable to the cost of wheelchair lifts.

2. Bus Expansion

The Administration called for increasing bus ridership by 50 percent in this decade. APTA perceives an increased demand of 100 percent. To accomplish a 100 percent increase in 10 years, the annual increase must be 7.2 percent. Bus ridership increased in 1979 by 6.75 percent over 1978. A 100 percent increase in 10 years requires a 70 percent increase in the current bus fleet. The number of buses required is 36,637; federal dollars needed are $4,103,000,000. Of this amount, approximately 15 percent, or $615 million, is attributable to the cost of wheelchair lifts.

3. Bus Facilities

There is a demand for bus facility rehabilitation projects, estimated to be approximately $3 billion. In addition, for every 200 new buses, there is a need for a new facility at an estimated federal dollar cost for each facility of $20 million. There also is a need for shelters, park and ride lots, and other such amenities. If ridership is to increase by 100 percent, the rehabilitation and expansion of facilities and related amenities would total $7,000,000,000 federal dollars over 10 years.

APTA supports, based on a 10-year ridership increase of 100 percent:

- 44,517 replacement buses costing $4,986,000,000 federal dollars;
- 33,637 expansion buses costing $4,103,000,000 federal dollars;
- 7,000,000,000 federal dollars for rehabilitation expansion of facilities and related amenities;
- total: $16,089,000,000 federal bus program in uninflated dollars, or approximately $24,000,000,000 in inflated dollars, over the program period.

D. NEW STARTS, EXTENSIONS, AND DOWNTOWN PEOPLE MOVERS

The authorization for these projects can remain part of Section 3, but should be a separate category within the Section. This is the only way to assure that funds for these major projects will be available, since Section 3 also funds bus, rail, and urban initiatives projects. By doing this, the Administration, Congress, and the transit operators will know the availability of federal funds for new projects at any given time.

Based on current commitments for rail and DPM projects, pending new starts, extension of existing systems, and pending extensions, APTA supports:

- $1,721,000,000 new starts/DPM existing commitments;
- $4,379,000,000 new starts/DPM pending commitments;
- $1,144,000,000 extensions existing commitments;

- $3,046,000,000 extensions pending commitments;
- total: $10,290,000,000 for new starts, extensions of existing systems and DPMs in uninflated 1980 dollars, or approximately $15,000,000,000 in inflated dollars over the program period.
- a separate category for these within Section 3; and
- a continuing two-year update of these dollar amounts.

E. RAIL REHABILITATION AND MODERNIZATION

An essential element of our national transportation policy is the preservation of our existing national transportation assets. Previous investments in our urban rail transportation, rapid, commuter and light, are a prime example of such assets. These assets must be properly maintained.

The existing rail systems in the country are an important asset to our energy conservation program. The low fuel consumption per person of the residents of our rail cities proves this out.

The current UMTA rail rehabilitation program lacks comprehension and consistency. Local officials are not provided with a certain program. On many occasions, local officials have expressed lack of confidence in the equity of the distribution of the funds.

Estimates of rail rehabilitation costs in uninflated 1980 dollars are between $15 and $18 billion. The additional costs required by Section 504 regulations would be approximately $3-$5 billion. Total costs would be approximately $34 billion in inflated dollars over a 10 year program period.

APTA supports:

- the development by DOT of a national rail rehabilitation and modernization program that includes standards and a cost estimate;
- the inclusion of funding in the program for elderly and handicapped retrofit requirements;
- an allocation formula based on the cost estimates developed in the program; and
- a provision for a continuing two-year update of the program.

F. COMMUTER RAIL

APTA opposes any shifting of funding arrangements to UMTA of trains currently or potentially in the AMTRAK system. APTA recommends the reinclusion of these trains into the AMTRAK system, and the elimination of the current March 1, 1981 funding termination date. APTA also opposes any alteration of service arrangements among Conrail, AMTRAK, and local authorities at this time.

G. MISCELLANEOUS LEGISLATIVE ISSUES

A number of additional legislative changes to the UMT Act may be proposed. Among these, APTA supports:

- the authority for UMTA to guarantee bus production at agreed-upon levels;
- the continuation of bus capital formula based on population/population density;
- the provision for emergency powers and funds in event of a declared energy emergency with permission to waive legislation and administrative grant requirements and to reprogram appropriated funds;
- the increase in federal share from 85 percent to 90 percent for transit interstate transfer projects; and
- specific funding for an expanded training and development program.

APTA POLICY STATEMENT ON BUS PROCUREMENT

ADOPTED BY THE EXECUTIVE COMMITTEE - DECEMBER 12, 1979

The American Public Transit Association welcomes the initiative being taken by the Secretary of Transportation and the UMTA Administrator-designate to increase the availability of new transit buses as rapidly as possible in light of increasing ridership demand and the urgent need to reduce oil consumption.

APTA convened a Task Force on Bus Procurement to review current bus procurement policies and to recommend changes. Although the Task Force recognized the need for increased local, state, and federal operating assistance to provide additional driver, mechanics, and training to support an increase in the bus transit fleet, this statement deals only with the bus and bus facility procurement process.

The Task Force made one principal assumption:

> Federal funds for buses and bus facilities must be dramatically increased.

The windfall profits tax and immediate corresponding authorizing and appropriating legislation is the most expeditious means of generating these added funds.

The Task Force deliberations included discussions with bus manufacturers who have assured APTA that they are prepared to respond to additional orders resulting from simplified procurement procedures.

The Task Force recommends the following:

I. Federal grant delivery procedures must be simplified and expedited.

   a. The level of available Section 5 formula capital funds should be increased so apportionments are sufficient to meet national bus and bus facility replacement needs. Since urbanized areas are entitled to apportioned formula capital funds, grant requests for buses and bus facilities should be routinely processed without elaborate justification.

   b. Section 3 capital assistance requests for replacement buses and bus facilities should be granted on a routine basis. Grantees should be subject only to a minimum justification and specification review.

   c. Where feasible, multiyear contracts which include conditional approval of funds subject to future appropriations, should be used for Section 3 and Section 5 bus and bus facility grants. Grantees would prepare one grant request instead of several annual requests and, in some cases, would complete procurement in advance of federal funding. UMTA should consider multiyear replacement and expansion commitments to large transit systems to annualize replacement needs.

d. Capital assistance for maintenance facilities should be processed as one grant with two phases, rather than as two separate grants, one for engineering and one for construction.

2. Productivity and performance of current production buses must be improved significantly.

Immediate design changes are mandatory to improve fuel economy, increase passenger capacity, reduce operating and maintenance expenses, and to lower capital costs.

To achieve these objectives the following actions are recommended:

a. APTA, UMTA, and bus manufacturers should review specifications and agree to modifications which will accomplish the objectives. Operating test results should be used to confirm that the modifications are effective.

b. Modifications should be phased into production as soon as possible.

c. Elimination of amenities no longer consistent with national needs should be considered.

3. The federal government should guarantee incremental increases in bus production for a period of at least 5 years.

The federal government should seek legislation authorizing the Secretary of Transportation to guarantee sale of up to 150% of qualified manufacturers' 1979 production. The guarantee would provide the necessary incentive for manufacturers and suppliers to increase inventories and manufacturing capacity. The guarantee should be reviewed and adjusted annually, as appropriate.

Key elements of this plan include the following:

a. The guarantee would take the form of a federal procurement of such quantity of buses which exceed those ordered by transit operators and are necessary to achieve the guaranteed production.

b. APTA will recommend specifications to achieve a simplified standard national bus for federal procurement. As an alternative, buses produced under the federally guaranteed procurement would be consistent with then current bus production.

c. Allocation of federally-procured buses would be on the basis of need, in a manner jointly determined by APTA and UMTA. In order to benefit from rapid delivery, these buses would be available to transit operators which elect to substitute such buses as an alternative to the local bid process providing local matching funds are available. In addition, such buses could be allocated by a federal grant of equipment or by temporary leasing to operators with short-term needs.

d. Any additional manufacturer who can meet all applicable U. S. laws and regulations should be invited to contract for the production of buses for testing and qualification purposes.

4. Grantees should be permitted to issue non-exclusionary bus specifications without prior federal approval.

   Such specifications would conform to federal regulations.

   UMTA should develop procedures for negotiated and life-cycle cost procurement techniques.

   APTA will obtain agreement between manufacturers and operators on simplified standard designs and specifications of major components and features.

5. Bus rehabilitation should be encouraged.

   UMTA should encourage and fund bus rehabilitation capital projects where operating agencies deem such projects feasible.

   UMTA should not require rehabilitation to include lift retrofit since such installation will make rehabilitation structurally and financially infeasible.

6. Grantees should be able to create reserve fleets in accordance with local needs.

   The creation of stand-by bus fleets through the replacement process or other means should be left to the discretion of local policy makers determining their own needs. Federal procedures impeding these actions should be eliminated.

7. The federal government should initiate a bus demonstration program.

   Current federal regulations adversely affect bus productivity. Accordingly, manufacturers currently participating in the U. S. bus market should be invited to produce practical and economical bus prototypes to demonstrate performance and productivity improvements.

   In addition, the federal government should procure a variety of unmodified foreign buses for deployment in U. S. cities to demonstrate their operating and maintenance costs, reliability, and rider acceptance.

   Cost/benefit analyses of both such demonstrations could lead to changes in current federal regulations affecting bus productivity and performance levels.

APTA believes these recommendations will increase the number of buses manufactured for deployment in the United States and significantly improve bus performance and productivity. APTA is prepared to support these actions through industry committees and the Transit Development Corporation. Public transit agencies will play an active role in carrying out each action, in conjunction with UMTA and the manufacturing and supply industry.

MONTHLY TRANSIT RIDERSHIP

(Unlinked Passenger Trips)

American Public Transit Association
1225 Connecticut Avenue, N.W., Suite 200
Washington, DC 20036
Telephone: (202) 828-2828

Volume 56
Number 01
February 29, 1980
APTA Statistical Department

Estimated Unlinked Transit Passenger Trips on All U.S. Transit System

Month	1980	Percent Change from 1979	1979
January	685,664,000	+ 6.30%	645,053,000
December	633,212,000	+ 3.74%	* 610,373,000

Calendar Comparison

	1980	1979
Weekdays	22	22
Saturdays	4	4
Sundays	4	4
Holidays	1	1

Estimated Unlinked Transit Passenger Trips on Transit Systems in Canada and the United States

	Current Month			Year-to-Date		
Population Groups	JAN '80 (Thousands)	Percent Change from 1979	JAN '79 (Thousands)	JAN '79 thru DEC '79 (Thousands)	Percent Change from 1978	JAN '78 thru DEC '78 (Thousands)
United States (a)						
500,000 and Over	592,633	+ 5.09%	563,912	7,125,818	+ 6.00%	* 6,722,741
Heavy Rail Rapid Transit	204,233	+ 3.14%	198,015	2,380,910	+ 4.20%	* 2,284,959
Surface Lines (Rail and Bus)	388,400	+ 6.15%	365,897	4,744,908	+ 6.93%	* 395,457
250,000 to 500,000	38,196	+ 12.74%	33,880	430,655	+ 8.90%	* 395,457
100,000 to 250,000	31,155	+ 11.68%	27,897	329,648	+ 11.32%	* 226,114
Less than 100,000	23,680	+ 22.29%	19,364	244,300	+ 20.79%	* 202,258
Total United States	685,664	+ 6.30%	645,053	8,130,421	+ 6.75%	* 7,616,300
Canada						
Total Canada	(b)	+ 0.03%	(b)	(b)	- 0.56%	(b)

(a) 1970 U.S. Census of Population; transit systems assigned by urbanized areas except for urban places of less than 50,000 population outside urbanized areas.

(b) Number of unlinked transit passenger trips unavailable; percent change represents reporting sample.

* Revised figure.

U.S. Unlinked Transit Passenger Trips*
1972 through 1980
(thousands)

	1972	1973	1974	1975	1976	1977	1978	1979	198
JAN	564,941	580,110	608,010	600,026	601,000	588,423	599,673	645,353	693,0
FEB	557,930	533,398	574,433	558,702	583,432	577,873	595,840	616,895	
MAR	624,635	651,920	660,096	632,876	705,714	670,309	692,965	723,399	
APR	553,939	563,221	604,212	605,651	605,444	596,328	642,844	667,444	
MAY	530,272	577,761	594,669	586,637	590,790	616,278	664,162	712,463	
JUN	543,409	537,363	556,520	563,168	583,238	615,099	640,637	693,342	
JUL	489,957	490,988	528,682	540,283	545,237	542,693	569,056	643,160	
AUG	511,680	518,691	526,036	532,367	563,735	589,448	620,767	672,908	
SEP	523,874	519,363	529,677	561,348	549,930	614,238	639,945	655,008	
OCT	581,288	588,960	608,325	617,982	589,020	646,243	680,141	757,463	
NOV	549,169	536,692	563,228	558,133	584,813	627,443	659,937	709,600	
DEC	549,988	561,357	583,122	612,906	598,345	605,250	610,375	633,212	
Annual Total	6,567,000	6,660,000	6,935,000	6,972,000	6,081,000	7,289,913	7,616,300	8,130,421	

Percentage Changes in U.S. Unlinked Transit Passenger Trips*
By Month and by Year, 1972 through 1980

	1972	1973	1974	1975	1976	1977	1978	1979	198
JAN	- 6.88	+ 2.69	+ 4.81	- 1.31	+ 0.16	- 2.09	+ 1.91	+ 7.57	+ 6.3
FEB	- 0.06	- 4.40	+ 7.69	- 2.74	+ 4.43	- 0.95	+ 3.11	+ 3.53	
MAR	- 6.41	+ 4.20	+ 1.25	- 4.12	+11.51	- 5.02	+ 3.38	+ 4.42	
APR	- 3.83	+ 1.68	+ 7.29	+ 0.24	- 0.03	- 1.80	+ 8.13	+ 3.83	
MAY	- 1.30	+ 3.86	+ 2.93	- 1.35	+ 0.71	+ 4.31	+ 7.77	+ 7.33	
JUN	- 6.05	- 1.00	+ 3.53	+ 1.35	+ 3.21	+ 5.44	+ 4.15	+ 8.28	
JUL	- 7.63	+ 4.67	+ 7.68	+ 2.18	+ 0.93	- 0.47	+ 4.86	+13.02	
AUG	- 2.39	+ 1.37	+ 2.41	+ 1.39	+ 2.41	+ 8.41	+ 5.30	+ 8.40	
SEP	- 4.03	- 0.88	+ 1.99	+ 5.98	- 2.03	+11.70	+ 4.18	+ 2.38	
OCT	- 2.43	+ 4.94	+ 3.29	+ 1.59	- 4.69	+ 9.71	+ 5.25	+11.37	
NOV	- 3.72	- 2.27	+ 4.94	- 0.90	+ 4.78	+ 7.29	+ 5.18	+ 7.53	
DEC	- 7.37	+ 2.07	+ 3.88	+ 5.11	- 2.36	+ 0.79	+ 1.18	+ 3.76	
Annual Average	- 4.63	+ 1.42	+ 4.13	+ 0.33	+ 1.36	+ 2.39	+ 4.33	+ 6.75	

Index Volume of U.S. Unlinked Transit Passenger Trips*
Ridership Changes by Month and by Year, 1972 through 1980
(1972 = 100.00)

	1972	1973	1974	1975	1976	1977	1978	1979	1980
JAN	100.00	102.69	107.62	104.21	106.38	104.16	106.15	114.18	121.37
FEB	100.00	97.90	102.96	100.14	104.37	103.57	106.79	110.56	
MAR	100.00	104.25	103.88	101.32	112.98	106.31	110.94	115.94	
APR	100.00	101.66	109.08	109.34	109.30	107.33	116.05	120.49	
MAY	100.00	103.86	106.90	103.46	106.21	110.79	119.60	125.11	
JUN	100.00	98.92	102.61	106.00	108.35	113.19	116.89	127.63	
JUL	100.00	104.67	112.58	114.99	116.02	115.48	121.09	136.86	
AUG	100.00	101.37	102.41	106.04	106.26	115.21	121.32	131.51	
SEP	100.00	99.14	101.11	106.16	104.98	117.26	122.14	125.06	
OCT	100.00	104.94	108.39	110.11	104.95	115.15	121.19	134.97	
NOV	100.00	97.73	102.34	101.63	106.49	114.25	120.17	129.21	
DEC	100.00	102.06	108.29	111.46	108.83	109.68	110.98	115.13	
Annual Total	100.00	101.42	105.60	106.17	107.83	110.35	115.98	123.81	

American Public Transit Association

March, 1980

Proposed Section 5 Authorization Levels

(numbers in millions of dollars)

	1981	1982	1983	1984	1985	Total
Tier I	900	950	1000	1050	1100	5000
Tier II	250	450	600	900	1050	3250
Tier III	145	290	485	530	725	2175
Sub Total	1295	1690	2085	2480	2875	10425
Incentive Tier	-	-	200	200	200	600
Total	1295	1690	2285	2680	3075	11025

Mr. HOWARD. Please proceed.

TESTIMONY OF RICHARD S. PAGE, GENERAL MANAGER, WASHINGTON METROPOLITAN AREA TRANSIT AUTHORITY

Mr. PAGE. Mr. Chairman, thank you very much.

I appreciate the prepared statement being in the record, plus the APTA policy statement and a special report on bus procurement which APTA prepared and submitted to the Secretary.

I will be brief, in view of your time and in view of the interest that you've shown in a number of topics.

APTA applauds the administration's initiative. This is a new bill. It is a comprehensive bill, and we're pleased to comment on it and work with this subcommittee to pass new legislation for a stronger transit program.

It's also quite clear to see Secretary Goldschmidt's enthusiastic commitment to an expanding public transportation program. We have some differences, but APTA and the administration share and strongly support the goals of an expanded and more effective transit program.

President Carter pointed out to our association meeting in New York last fall that public transportation is one of the keys to the future of the United States of America. The Nation's use of transit continues to increase dramatically. In January of this year, more than 35 million more transit trips were taken than a year ago, an increase of 6.3 percent. In Washington, D.C., I might add that our ridership gains at Metro have been phenomenal. In the last 6 months of 1979, compared to the last 6 months of 1978, Metro's bus ridership rose 31 percent, and our rail ridership rose 39 percent.

The past year has also been a year of unparalleled inflation. Petroleum has led the way, and the users and operators of public transportation have been suffering from a 120-percent increase in fuel costs since prices were decontrolled in 1976.

Here in the Washington area, our own fuel costs have doubled in 1 year from March 1, 1979, to March 1, 1980.

Transit operators around the country are near or at capacity in most of their routes. Ridership increases have improved our efficiency, and in fact, transit managers are committed to controlling costs, to increasing efficiency by cutting out inefficient service, and to making maximum use of public and user revenues.

We realize and support the fact that public transit improvements are an investment we must make, one that will be shared among users and all levels of government. Local and State government funding for transit is on the rise; dedication of tax revenues to public transit is increasing; user fees and fares are increasing; and the Federal program must keep pace.

APTA believes that the Nation must make a commitment to public transportation investment similar to the commitment we made in the 1950's to establish the most sophisticated highway network the world has ever known. The investment in public transportation in the 1980's should result in a public transportation system second to none in the world.

On page 7 of the prepared statement, Mr. Chairman, there are a series of topics addressed. In the interest of time, I would like to comment on six specific issues in the balance of this statement; the windfall profits tax, operating assistance, the operating formula which you've discussed with the Secretary this morning, bus procurement, transportation system management, and a brief comment on 504.

With respect to the windfall profits tax, you know that the American Public Transit Association strongly supported the administration initiative and the legislation. Last August the administration proposed a transit initiative of $16.5 billion additional to the UMTA program. We applauded this initiative. It came at a time when oil was $16 a barrel, gas cost 70 cents a gallon, and the proceeds from the gross tax were estimated at $140 billion.

Then you, Mr. Howard, chairman of this subcommittee, and others, including APTA, strongly advocated that 25 percent of the net proceeds be earmarked for transit; and the amount would rise as the proceeds grew and as transit needs grew. That concept did not pass.

Today, costs are up. Fuel costs more. There's less of it, and more and more people are turning to transit. Today, oil costs $30 a barrel, gas costs $1.25 a gallon, and the proceeds from the gross tax are now estimated at $410 billion. We believe that provides ample revenue for an increased share well above $16 billion for public transportation. The transit share can now be determined by this committee and the authorizing committees of the Congress since no earmarking was done in the other legislation.

APTA urges you to reconsider transit's needs, especially as it plays a role in solving the very energy problems we face. We believe 10 percent of those proceeds would provide a sound transit investment program over the next decade.

With respect to operating aid on page 7 of the prepared statement, APTA makes clear that there is no more urgent need to our members today than increased operating assistance. Local, State, and user share of operating costs are now nearly 82 percent nationwide. The share is expanding, the costs are increasing. To maintain the partnership and the Federal commitment, additional operating aid is necessary.

In the next 5 years, we estimate a need for approximately $11 billion in Federal operating aid to expand service to keep up with increasing costs, including equipment as well as fuel, and to increase the Federal share to cities experiencing particular stress.

With regard to the formula, I would like to say that the administration has proposed revising the formula in section 5 for tiers one and two toward a service or need-oriented formula. We agree with that goal. APTA and its predecessor organizations have strongly supported that kind of a formula program for many years.

We have supported a better formula than population and population density, one based on ridership, vehicle miles, or some acceptable measures of service. The administration formula as outlined today, however, is still based half on population. It fails to distinguish between bus miles and rail miles which penalizes rail operators, and it shortchanges the commuter rail and fixed guideway needs in tier three.

The administration's formula came late. The numbers behind it came even later. To change the present formula concerns many of our members, and I would not be a proper association witness if I didn't tell you that it has caused a good deal of concern across the country. But I must tell you also that, as a former administrator of UMTA and a former and present active member of APTA, I believe the credibility and the equity of the existing section 5 program will suffer if we fail to adopt a formula based on service and need, not just population.

I'm pleased to pledge to you that APTA stands ready to work closely with this committee and with the administration to devise a new formula, if we can do it this year, that will be satisfactory.

On the question of bus procurement, there is paper attached to the statement summarizing APTA's work on that subject. In general, we agree with the comments made by the Secretary and the Administrator this morning that there needs to be some special legislative authority to permit the administration to stabilize and make more predictable bus production levels.

APTA supports the concept of a production guarantee rather than a direct Federal procurement. There's no question that special action is necessary to provide stability to manufacturers and new and replacement buses to the cities, and to increase the overall annual level of bus production.

On page 12, we make clear our support for the transportation systems management authorization outlined in this subcommittee's bill. We think that will be helpful to the highway program and also helpful to the public transit program.

This committee understands fully, especially with the work of Mr. Mineta's subcommittee, the history and issues involved in section 504. After the regulations pursuant to the judge's decision, the requirement to prepare a 321 study, and now the requirement from the judge to prepare an EIS, the latest piece of evidence is the CBO report of last November which highlights problems and potential costs of that regulation. Obviously, APTA is deeply concerned about the effects, the costs, and the public value of that regulation. We urge your committee to monitor this matter closely.

I would conclude, Mr. Chairman, with the last two pages of the statement, 18 and 19. The statement and our staff have done, we hope, a rational and well-researched statement of financial needs on both the capital and operating program. In the last several months, APTA has devoted special effort to identifying costs and needs of all levels of communities and all types of transit service across the country.

We agree with the section 3 capital, section 5 formula levels proposed in the Senate bill, and the proposed section 18 levels. We strongly recommend higher authorization levels for section 5 tiers 1, 2, and 3, and we support a separate authorization for an incentive tier.

We believe a public transportation trust fund is needed. APTA has supported that for several years. We hope this subcommittee will again take the leadership in trying to bring that about.

Thank you, Mr. Chairman, for this chance to represent APTA and give you our views.

Mr. EDGAR. Thank you, Dick, for your comments. The chairman has left me not only the gavel, but his glasses so that I can see through his eyes.

I was amused that with Neil Goldschmidt and Ted Lutz leaving, that half the room got up and left. And you came in. And I can recall a year ago it would be the other way around.

Mr. PAGE. Oh, I'm pleased with the present situation, Mr. Edgar.

Mr. EDGAR. Let me just ask you a couple of specific questions. I wonder if you from your experience in the Washington Metro system could compare your operating deficits from 1978, 1979, and 1980, reflecting on whether or not the increased ridership of 1979 did in fact aid you in operating expenses for the system and what that may say to the future?

Mr. PAGE. I can give you specific numbers for the previous years. There's no question that our costs have increased. There's also no question that our ridership has brought us substantially higher levels of revenue, so that we are covering nearly 50 percent of our costs from the fare box. That's higher than it was before. It's higher than our objective. It's higher than we expect it. On the rail side, particularly, we are exceeding 60 percent of the cost of the rail; and in the bus systemwide throughout the metropolitan area, we're somewhere around 46 or 47 percent. But we do calculate and we do estimate increased revenue from increased ridership, and that directly reduces the potential aid that we must ask our local governments to give us.

I might add that in terms of those percentages that you were discussing earlier with the adminstration, we get about 9 percent of our operating costs from section 5. We're obviously interested in a formula that recognizes service and ridership and rail and bus vehicle miles.

Mr. **Edgar**. What kind of impact has inflation had in terms of your costs of fuel and operations that may not be reflected in what you're doing in terms of better coverage of operating expenses?

Mr. **Page**. It's had—the fuel costs particularly have had a serious effect on us just as they have on many operators, large and small, across the country. Specifically, from March 1, 1979, to March 1, 1980, our fuel bill doubled. We advertised for competitive bids for a year-long contract. We received one response from our then current supplier. We asked him what the price would be. He said, "We can't give you a price. You pay whatever it costs over the coming 12 months."

We thought that was a pretty poor comment on the willingness of the industry to provide a fairly large contract to the second largest user of diesel fuel in the metropolitan area. There's no question that that factor has been a serious crimp in the operating budgets of transit authorities across the country.

Mr. **Edgar**. I've been impressed with some discussions that have taken place in the public media about encouraging employers to participate in helping to pay for transit ridership, and to offset some of the costs in much the same way that they now give free parking spaces, or subsidized parking spaces to their employees. Would you comment on Washington area's efforts to encourage employees to participate in that?

Mr. **Page**. I'm glad you asked me that question.

We have just launched a new effort called "Metro Pool." We are prepared to work with any employer, public or private, including the entire Congress, or the House alone, or Federal agencies, to permit advance purchase of our flash pass. We will gear that to each employee based on his travel. It can be a payroll deduction. It could be a fringe benefit in which the employer pays for 10 or 30 or 50 or 100 percent of the cost of that.

There are about six or seven such programs in the country. I think that these programs are the wave of the future. I think they are a very good example of the cooperation between the private sector and the transit operator. They give the citizen the assurance that he knows his travel is paid for, his pass will be available. They give the employer the assurance that this is helping to pay for the cost of transportation for his work force, and they give the operator some assurance that he is going to receive some revenue, sometimes in advance for a number of riders.

Obviously, you've been a leader, Mr. Edgar, in the concept of ride sharing, and I think that we're going to see some rapid changes in the years ahead as we find more and more mixing of public and private activities to support pass programs, vanpooling, carpools, chartered bus, subscription bus service, as well as the normal metropolitan transit service.

Mr. **Edgar**. Do you see any need in changing the tax code in order to permit this to be a fringe benefit and not counted on the taxing forms?

Mr. **Page**. We do. I believe there is a bill that is being drafted or may be introduced soon that would permit that for individuals. It's now a deductible——

Mr. **Edgar**. I think that's Mr. Gephardt's bill.

Mr. **Page.** Yes, sir. It's now a deductible expense for an employer, but now for an employee; and that kind of change would balance the scale.

Mr. **Edgar.** On page 11 of your statement, you talk about the bus formula, and it seems from reading the language that APTA is suggesting that there not be a change in the bus formula, while you are recommending a change in the light rail and fixed rail formulas; is that correct?

Mr. **Page.** This paragraph on page 1 deals with tier four, the bus capital section, and the comments that I made earlier dealt with tiers one, two, and three, which were the normal operating assistance formula, and the commuter rail area. But this one is fairly new as you know. It just started 2 years ago. We feel we do not have much experience with it, and we'd like to continue to work with UMTA to make the grant program work a little more quickly, and we think that this formula will still provide predictability to local communities.

Mr. **Edgar.** Thank you.

Mr. Stangeland?

Mr. **Stangeland.** Thank you, Mr. Chairman.

Mr. Page, following up on your costs of fuel and operations, what percentage of your operating cost is labor?

Mr. **Page.** Here in Washington, and it's probably a standard figure around the country, it's about 80 percent.

Mr. **Stangeland.** About 80 percent?

Mr. **Page.** It varies a little bit with rail or bus, but that's a good rule of thumb for most public transit organizations.

Mr. **Stangeland.** On the question on the capital formula, you suggest we retain the current section 5 formula based on population density. You heard this morning that the Administration is proposing a change. Have you or has APTA analyzed what the impacts would be on various communities if the Administration's formula was adopted?

Mr. **Page.** We received the numbers about 2 weeks ago. We have looked at those, and as I mentioned earlier, there is division within the members of the American Public Transit Association. Some believe that this year is not the year to try to change a formula, especially one that came late, and where the numbers have to be reviewed carefully.

Many of us, and myself included because of my experience and also because of the authority I represent, support the goal that Secretary Goldschmidt outlined, which is that it is time to develop a formula for operating assistance that puts the money where the service and where the need is. We have made some specific comments. The Administration's approach, while I'm praising the Secretary still allocates half of that money on the basis of population. I don't think that's a very good measure of transit need. It also fails to distinguish between bus vehicle miles and rail vehicle miles.

Again, we're not talking about very many cities, but for those 10 or 12 or 14 cities that operate rail, that is a crucial difference; and it makes a big difference in the amount of aid they get.

Mr. STANGELAND. If in your studies and analysis you come up with some impacts on communities based on this new formula, it would be fine to submit those for the record.

Mr. PAGE. We want to do that, and I appreciate the invitation.

Mr. STANGELAND. Your organization is suggesting a production guarantee in lieu of a direct Federal procurement of buses. Would you amplify what problems APTA sees with the direct procurement approach that has been proposed by the Administration?

Mr. PAGE. Well, I thought about this some, Congressman, and it may be a distinction without a difference. Either one needs authorization from the Congress. We're both talking about the same goals, some device by which the Federal Government can take the initiative to tell—and I would believe it should be domestic manufacturers—that they can count on producing *x* level of buses over the coming months even if there are not sufficient approved bids in hand.

Now, we—and I served on this task force at APTA—invented the notion of a production guarantee. We take last year's production and we make an estimate—UMTA would make an estimate of how many buses are needed, and they would say:

> All right, manufacturer *x* we want you to produce 125 percent, or 140 percent of last year's production, and you can count on our paying for it at sometime in the future.

The administration has the phrase "direct Federal procurement." I think the differences may lie in the specific mechanics of how that would work. I appreciate the Secretary's statement this morning that they want to work closely not only with the manufacturers, but also with the transit authorities. But there's no question, in our view, that some special effort needs to be made here to raise the levels of production, keep them high, and then get those buses out to the transit authorities.

Mr. STANGELAND. You briefly mentioned the transportation systems management provisions that are contained in H.R. 6417, and I assume you're also familiar with some of the highway provisions contained in the bill.

Is APTA's support of a balanced program for highways and mass transit at this time reflected by H.R. 6417, or is it your organization's position that the mass transit component should go it alone?

Mr. PAGE. We support a balanced program, Congressman, and APTA has taken that position consistently over the last few years.

Mr. STANGELAND. The subcommittee, and you referred to it on oversight review, recently issued a report on the Urban Mass Transit Administration's technology development and equipment procurement program. I'm sure you would agree that the report raises some serious questions about the impact of your 504 regulations regarding access by handicapped persons. The additional views of that report which received the bipartisan support of nine subcommittee members recommends a local option on how to comply with those 504 goals.

In this day of limited Government resources, is APTA prepared to support the local option proposal?

Mr. PAGE. Well, Congressman, speaking for APTA, APTA strongly believes in the local option approach. APTA raised some extra money and filed suit to stop the regulation that the previous Secretary issued. My authority, Washington Metro, did not support that suit, and because of the controversy, and the important issues that are involved in the 504 question, I suggested this morning that APTA is concerned about the costs. We're concerned about the potential problems, and we've urged this committee to watch the matter closely. I thought Secretary Goldschmidt gave a pretty balanced statement in response to several questions this morning in outlining where the Administration is on that issue. So, I'd rather not get into it in much more detail at this point.

Mr. STANGELAND. Thank you for your testimony and response to the questions.

I have no further questions.

Mr. EDGAR. Thank you.

Dick, I want to thank you for your testimony, and to indicate to you that the lack of people here to ask you questions does not reflect on the job that you're doing at the Washington Metro system. We appreciate your leadership over the last couple of years.

Before we adjourn the hearings this morning, I would like to just note to those in the audience that the staff of the Public Works Committee lost a good friend in the person of Bob Paul, the chief staff person for the Economic Development Subcommittee, who passed away this morning. I know all of us would like to express our sincere condolences to the Paul family, and will do so in cards, letters and other things; but this staff has had a difficult time over the last couple of years in terms of health conditions, and I just hope that all the rest of the staff remains healthy.

These hearings will be recessed. There will be additional days of hearings after the Easter recess where we will continue the discussion on the issue of public transit.

Mr. PAGE. Thank you, Mr. Edgar.

Mr. EDGAR. Thank you.

[Whereupon, at 12:40 o'clock p.m., the subcommittee recessed.]

blank page

SURFACE TRANSPORTATION ACT OF 1980, AND THE ADMINISTRATION'S PUBLIC TRANSPORTATION AMENDMENTS OF 1980

WEDNESDAY, APRIL 16, 1980

House of Representatives,
Subcommittee on Surface Transportation,
of the Committee on Public Works and Transportation,
Washington, D.C.

The subcommittee met at 1:10 p.m., in room 2168, Rayburn House Office Building, Hon. James J. Howard, chairman, presiding.

Mr. Howard. The Subcommittee on Surface Transportation will come to order.

Today, the Subcommittee on Surface Transportation will continue to receive testimony on the public transportation and energy efficiency provisions of surface transportation assistance legislation presently under consideration by the committee. The subcommittee looks forward to hearing from Congressman Patterson, representatives of State and local government, and the transportation construction industry.

The House will convene at 3 p.m. today and the subcommittee would like to complete as much of the hearings as possible before then because of the interruptions which are likely to occur once the House begins doing business. Therefore, the Chair asks that each witness limit oral presentation to 5 minutes. Witnesses may summarize their statements and submit prepared statements for the record.

As the first witness before the subcommittee this morning—the subcommittee is proud to have our esteemed colleague, the Honorable Jerry M. Patterson, before us.

We do have a copy of your statement.

Without objection, that will be made part of the record at this point.

[The statement follows:]

Testimony of Hon. Jerry M. Patterson

Mr. Chairman and members of the subcommittee, I wish to thank you for the opportunity to testify today on the Surface Transportation Act of 1980. I believe this bill is a significant and comprehensive approach to meeting the transportation challenges in the decade ahead. This afternoon I wish to offer three proposed amendments to H.R. 6417 and hope that you and your colleagues on the subcommittee will consider them favorably.

(1) The first proposal I wish to discuss concerns the primary system apportionment. The current Federal aid primary system apportionment formula is stuctured as to provide two-thirds of a State's apportionment based upon rural factors, and one-third for urban factors. The amendment I propose to H.R. 6417 changes the current formula. It does not seek to disadvantage rural areas, but rather to redress

the inequity in funding to our urban areas that is built into the current formula. The amendment creates a new section 124 on page 20, after line 3.

My proposed apportionment formula, based upon a 50-50 breakdown between rural and urban factors, does not result in a noticeable apportionment loss for any state. In fact eleven States, Pennsylvania, Ohio, New York, New Jersey, Michigan, Massachusetts, Maryland, Illinois, Florida, Connecticut, and California, will witness an increase in their apportionment, while many states will see no change at all.

In meeting the transportation challenges of this decade, we must not financially slight those areas of our Nation which will be facing increasing transportation volume, and subsequent congestion, as well as problems of pavement deterioration and restoration. A national highway inventory and performance summary has addressed the problems of urban and rural congestion. Based upon a certain congestion level of 1 percent the summary concludes that while 80 percent of the total mileage has a volume to capacity ratio of under 0.5 percent more than 12 percent of all reported urban mileage has a volume to capacity ratio greater than 0.9 percent, thus indicating definite congestion. Moreover, the summary also indicates that while pavement condition for most urban and rural mileage is in fair to good condition, there is a significant amount of urban mileage ranked in the poor to very poor range. Under such conditions, pavement deterioration accelerates markedly.

Mr. Chairman, it is clear from these figures, that our urban transportation areas currently experienced and most assuredly in the future will face greater problems related to highway congestion and pavement condition. The problems of the various parts of the Nation must be addressed in a comprehensive fashion, putting them into perspective with national policy objectives. Localized problems if ignored are exacerbated and invariably become the seeds of national dilemmas.

I respectfully urge that your committee consider this revision to the FAP apportionment formula and I remain willing to cooperate with you and your subcommittee in further reviewing the merits of this proposal.

(2) Secondly Mr. Chairman, I wish to propose an amendment to language currently in section 105, under the Interstate System resurfacing authorization of H.R. 6417 (pages 4 and 5). At present interstate maintenance funds may be transferred to primary highway system needs only if a state certifies to the Secretary that such funds are in excess of state needs for the resurfacing, restoration, or rehabilitation of interstate system routes. As the language is currently worded, states must exhaust all of the Interstate System projects before any funds can be transferred to primary system projects. In some States, this has resulted in a backlog of needy primary system highway projects because funds must first be allocated to all Interstate projects of varying significance. It is not uncommon for funds to be spent for an Interstate landscaping project, while primary system highways must defer maintenance for lack of funding.

I propose that the current language regarding funds allocated under section 105 be amended to read: "except that where a State certifies to the Secretary that any part of such funds are excess to the needs of such State for its highest priority projects".

The inclusion of "highest priority projects" will allow for funds transfer to the primary system after funds have been allocated for the highest priority projects of a State's Interstate System. This will allow funds to be spent on significant Interstate projects, and transferred, if necessary, for the use of primary system projects. Moreover, this should also allow for the effective use of Federal funds as transportation dollars can be spent on the most pressing highway projects. This flexible language will benefit several States which have primary system projects backlogs, including Illinois, Ohio, Texas, and California, among others.

A positive side effect of my proposal is the opportunity to improve Federal control and oversight of Federal transportation dollars, for I do not favor granting the States the authority to determine what constitutes "highest priority projects." Project priority determination properly rests at the Federal level.

(3) Mr. Chairman, the last amendment I am proposing to H.R. 6417 concerns a DOT feasibility study on adding high occupancy vehicle, or HOV lanes, to freeways in the south coast air basin of southern California. This amendment is another addition to title I (page 20 after line 3). Specifically, this study would focus on the feasibility and cost benefit analysis of adding HOV lanes to freeways which provide service to the three major airports in the south coast air basin—Ontario International Airport, Orange County (John Wayne) Airport, and Los Angeles International Airport.

Concurrent to the commendable and necessary thrust of the Surface Transportation Act of 1980, the feasibility study that I am proposing will provide needed answers to pressing transportation concerns, and may well generate recommendations which will provide direction to other regions of the country facing transportation conditions similar to those in southern California.

These transportation "conditions" of southern California may be appropriately deemed as mounting "problems," given the increased demand for air passenger travel, with resultant highway congestion on freeways which service the three major airports mentioned earlier. Passenger air travel in southern California is not likely to decrease in the years ahead, as a recent 1979 study indicates. For instance, Orange County Airport, which is operating at seven times design capacity, currently services 3.3 million passengers annually, and this figure is expected to increase by 15 million by 1990; Ontario International Airport expects to service 12 million passengers by 1990; and Los Angeles International Airport is already near capacity with 25 percent of its traffic coming from Orange County.

These figures indicate, and various studies concur, that HOV lanes and fringe parking facilities will be needed in the upcoming years in order to accommodate the rising air and highway passenger travel demand in southern California. By 1990 the southern California region will witness a substantial, if not devasting, impact in terms of air pollution, traffic congestion, energy consumption, and travel time if improvements are not made to the southern California freeway system.

Mr. Chairman, in recognizing the exemplary and comprehensive nature of the Surface Transportation Act of 1980, I offer my proposed amendment as a compliment to the transportation systems management portion of H.R. 6417, in order to insure the opportunity for continued thought and study of unique transportation problems.

In conclusion, Mr. Chairman, I wish to reiterate my appreciation for this opportunity to testify today on the Surface Transportation Act of 1980. I will be quite willing to extend my full cooperation to the subcommittee in reviewing the proposed amendments I have discussed here this afternoon.

APPORTIONMENT FORMULA AMENDMENT

Page 20, after line 3, insert the following new section:

PRIMARY SYSTEM APPORTIONMENT

SEC. 124. (a) Section 104(b)(1) of title 23, United States Code, is amended by striking out "Two-thirds" and inserting in lieu thereof "One-half" and by striking out "one-third" the last place it appears and inserting in lieu thereof "one-half".

(b) The amendments made by subsection (a) shall apply to apportionments of funds under section 104(b)(1) of title 23, United States Code, after September 30, 1980.

AMENDMENT FOR A DOT FEASIBILITY STUDY OF HOV LANES

Page 20, after line 3, insert the following:

STUDY OF CERTAIN HIGH OCCUPANCY VEHICLE LANES

SEC. 124. (a) Not later than January 1, 1983, the Secretary of Transportation, after consultation with appropriate State and local officials, shall conduct a feasibility study and cost-benefit analysis, and submit to Congress a report, on (1) adding high occupancy vehicle lanes to freeways in the South Coast Air Basin of southern California, and (2) adding such lanes to any freeway providing service to Ontario Airport, Ontario, California, Orange County Airport, Orange County, California, or Los Angeles International Airport, Los Angeles, California, and providing fringe parking and other facilities and services for users of such airport which will reduce traffic congestion, promote energy conservation, and reduce air pollution.

(b) The report prepared under subsection (a) shall include, but not be limited to—

(1) the results of the study and analysis conducted under such subsection; and

(2) the recommendations of the Secretary of Transportation concerning (A) any freeways to which he determines high occupancy lanes should be added, (B) any facilities or services which he determines should be provided for users of the airports referred to in such subsection, and (C) any legislative action which he determines is necessary to implement his recommendations under subparagraphs (A) and (B) of this paragraph.

INTERSTATE FUNDS TRANSFER FOR PRIMARY PROJECTS AMENDMENTS

Page 4, line 3, insert "for its highest priority projects" after "State".

Page 5, line 9, insert "for its highest priority projects" after "State".

Mr. **HOWARD**. Please proceed.

TESTIMONY OF HON. JERRY M. PATTERSON, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF CALIFORNIA

Mr. PATTERSON. Thank you, Mr. Chairman.

I know you have a heavy workload, and with my full testimony in the record, I will describe what I have to offer.

I believe the bill is significant and that the transportation challenges in the years ahead will be rather significant. And this afternoon, I would like to offer or suggest three proposed amendments.

The first proposal affects the primary system of apportionment. The current Federal aid formula is structured so as to provide two-thirds of the State apportionment based on rural factors and one-third of urban factors. The amendment I would suggest changes that current formula.

It does seek not to disadvantage rural areas but rather to address the inequity and funding to the urban areas.

The amendment, a new section 124 on page 30, after line 3, and bases the formula on a 50-50 breakdown between rural and urban factors.

It does not result in a noticeable apportionment loss for any State. In fact, 11 States—Pennsylvania, Ohio, New York, New Jersey, Michigan, Massachusetts, Maryland, Illinois, Florida, Connecticut, and California—will witness an actual increase in their apportionment.

Mr. Chairman, the second amendment which I would wish to propose is to the language currently in section 105 under the Interstate System resurfacing authorization at page 4 and 5. At present, interstate maintenance funds may be transferred to primary highway systems needs only if the State certifies to the Secretary that such funds are in excess of estimated needs for the resurfacing or restoration or rehabilitation of Interstate System routes.

As the language is currently worded, States must exhaust all the Interstate System projects before any funds can be transferred to primary system projects. In some States this has resulted in a backlog of needy primary system highway projects, because funds must be first allocated to all interstate projects of varying significance.

It is not uncommon for funds to be spent for an Interstate landscaping project, for example, while primary system highways must defer maintenance for lack of funding. The language I propose is that it be amended to read, "Except that, where a State certifies to the Secretary that any part of such funds are excess to the needs of such States for highest priority projects."

The third and last amendment I am proposing concerns the initial Department of Transportation figures feasibility study on adding high occupancy vehicles to freeways in the south coast air basin in California.

This amendment is another addition to title I, page 20, after line 3. Specifically, this study would focus on the feasibility and benefit analysis of adding links to the freeways that provide service to the three major airports in the south coast air basin—Ontario Airport, Orange County John Wayne Airport, and Los Angeles International Airport.

Concurrent to the necessary thrust of the Transportation Act of 1980, the feasibility study I am suggesting will provide needed answers to pressing transportation concerns and may well generate recommendations which will provide direction to other regions of the country.

Mr. Chairman, in recognizing the exemplary and comprehensive nature of the Surface Transportation Act of 1980, I offer the amendment as a complement to the systems management portion of H.R. 6417 in order to insure the opportunity for continued thought and study of unique transportation problems.

In conclusion, I wish to reiterate my appreciation for the opportunity to testify before the subcommittee this afternoon.

I will be quite willing to extend my full cooperation to the subcommittee in reviewing the proposed amendments I offered.

Mr. HOWARD. Thank you very much, Mr. Patterson.

We certainly are cognizant of the problems you bring up in offering these amendments.

As you know, things have changed since we introduced this bill in February. We had intended to adjust 1 year in the highway program and rewrite a more extensive part of the mass transit legislation.

However, things happened in the House since then. We had had a natural decline in our funding in the highway trust fund due to a lot of things the Congress can be proud of, passing of the 55-mile-an-hour speed limit, our efforts to get more miles per gallon, and having people increase their use of public transportation, resulted in a very desirable result.

During each of the last 3 months of last year, there was about 8 percent less gasoline consumed in this country than the comparable month a year before.

I believe since the first of the year the percentage is about 9 percent less than the year before, which is excellent in our battle on the energy problem, but creates something of a problem down the road for the highway trust fund, because we are losing money.

Last year, for the first year, there was less money coming to the highway trust fund than expended for that year. I guess you know that in the windfall profits tax in looking for something to do with that $227 billion, and also trying to fund a gasohol program, which I believe is certainly in the Nation's best interest, the exemption for gasohol used tax into the highway trust fund was extended. It was extended through the year 1992, which puts the highway trust fund in a very precarious position.

We must wait for the Ways and Means Committee and the Senate Finance Committees to establish, as I indicated in that debate, that there would be a proper funding mechanism for the highway trust fund before the Congress, hopefully early in next year, can work on legislation and hope to get it out in the highway field in the first session of the next Congress, because a downturn will begin, a great downturn, in funding for all the States for all the programs beginning October 1, 1981, for fiscal year 1982.

And so we are in a position of not being able to do anything in this Congress and hoping that the Ways and Means Committee can act early enough so we may get the programs going.

One thing we do want to do is to try to free up the transportation legislation as we have attempted to do in the past, and some of the things you indicate where the States will have a greater freedom to utilize the greater flexibility in the program, and use the funds to best meet their needs.

We have been on a very strict program before and we have become much more flexible, but I think you have added some things in here that would be not only flexible in being able to utilize maintenance money when the money is needed—that is one thing we wish to do—and also, in coordinating construction among different needs of transportation so that you don't have a great need in one place and a highway need in another and not a proper way to get from one to the other.

I am sure the subcommittee will seriously consider your recommendation.

However, unfortunately, it looks like it may not be until the next Congress when all of us hope we will be here, to try and implement this.

The gentleman from Pennsylvania.

Mr. SHUSTER. I want to compliment you for taking the time and dealing with this issue in the exhaustive way that you have.

Mr. PATTERSON. Thank you.

Mr. HOWARD. Thank you very much.

Mr. PATTERSON. Thank you very much, Mr. Chairman.

Mr. HOWARD. The next witnesses before the subcommittee will be a panel that will consist of three witnesses.

The first one, Mr. Lewis C. Murphy, mayor of Tucson, Ariz., representing the U.S. Conference of Mayors; Mr. Ken Slapin, council member, city of Norwalk, Conn., representing the National League of Cities; Mr. William Oliver, commissioner, Metropolitan Dade County, Fla., representing the National Association of Counties.

We are very anxious to hear your presentations as we move toward transit legislation this year and possibly some areas of highway legislation relating to energy conservation. There are many areas in the highway bill that are directed to energy conservation.

We do have statements from the Conference of Mayors and the National Association of Counties. I don't know if we have one from the National League of Cities.

If we do, that will be made part of the record at this point, and you gentlemen may proceed as you wish.

[The statements follow:]

STATEMENT OF THE HONORABLE LEWIS C. MURPHY, MAYOR, CITY OF TUCSON ON BEHALF OF THE UNITED STATES CONFERENCE OF MAYORS

Mr. Chairman, my name is Lewis C. Murphy, Mayor of the City of Tucson. I appear before you this afternoon on behalf of the U. S. Conference of Mayors which represents cities with population in excess of 30,000. Within the Conference I serve as Chairman of the Subcommittee on Public Transportation and am immediate past Chairman of the full Transportation Committee.

We are grateful to the Chairman and the members of the Subcommittee for the opportunity to present you with our views concerning reauthorization of the Urban Mass Transportation Act. It was our special privilege to stand with you last year as we sought to create a Public Transportation Trust Fund to receive 25 percent of the Windfall Profits Tax. Although we fell somewhat short of that goal, your leadership now in moving forward to develop an invigorated public transportation energy efficiency program for the 1980's, which incorporates part of the Windfall proceeds, is deeply appreciated by the nation's Mayors.

THE TUCSON EXPERIENCE

Mr. Chairman, the cities are proud of our recent public transportation efforts. The transit system in my own city of Tucson serves as a good example of our successes, problems, and opportunities.

Ridership on our buses is up dramatically. Expansion of the service area in the last year contributed to a 21 percent increase over the previous year. Ridership in the first half of this year is up 33 percent over last year.

Our local funding of operating costs, which represents our commitment to transit as a key to our future, has grown from a level of $2.4 million or 57 percent of the operating costs in FY 77-78 to $8.0 million or about 67 percent of costs in FY 80-81. All of this was accomplished in the context of state imposed spending limitations. In Tucson, and in cities across the country, there is no reluctance to provide the resources at the local level to make transit work. The price of gasoline and our citizens' own desires make this an essential task for most cities today.

We should note, though, that our efforts to provide adequate transit service to a growing diverse population are hampered by Section 504 regulations which provide that half the peak hour fleet must be accessible to the handicapped, essentially with wheelchair lifts, by July 1, 1982.

If a city cannot meet this deadline (which most cities cannot), then it can receive an extension until July 1, 1989 provided that a Transition Plan, which specifies how transit service is to be provided to handicapped individuals in the interim period, is prepared.

The interim service most cities will provide is a van type vehicle, paratransit service. The City of Tucson has operated just such a service for its handicapped population since the early 1970's. This fiscal year the City is spending $1 million on this service (50% of Tucson's Section 5 operating funds). The majority of handicapped citizens of Tucson agree that this door-to-door paratransit service is vastly superior to lifts on regular transit buses; however, the federal mandate does not allow for any options. Regular buses must have lifts. Once this requirement is met, paratransit service will not be required. Local discretion to continue door-to-door service is questionable in light of no federal support and additional costs for the lift equipped bus. Many people agree that the implementation of Section 504 in the public transit industry will be detrimental to the mobility of the handicapped population.

The continued success of public transportation in cities requires not only effective reauthorization of UMTA, but also a candid examination of the impact of the 504 regulations and a review of the legislative option available to clarify the intent of the Rehabilitation Act of 1973.

Mr. Chairman, I have also included an article from Monday's New York Times which indicates that many western cities traditionally reliant on the automobile and highways are turning to transit by necessity.

AN OUTLINE FOR REAUTHORIZATION

Mr. Chairman, H. R. 6417, the Surface Transportation Act of 1980, along with the proposals outlined before this subcommittee recently by Secretary Goldschmidt, and those introduced by Senator Williams, represent an excellent beginning towards UMTA reauthorization.

The U. S. Conference of Mayors believes that a strong UMTA program is essential to the future of mobility and development in our cities. We also recognise that any substantive changes in the UMTA program require the close cooperation among our member cities themselves, and with both the Administration and the Congress.

To that end, the Conference convened a Special Transportation Meeting in Tucson of March 27,which I chaired in my capacity as Chairman of the Subcommittee on Public Transportation. That meeting was attended by cities which represent roughly 80 percent of transit ridership in the United States, ranging from New York City to Mobile, Alabama. I regard that meeting as having been an extraordinary exercise in consensus building. A report of this meeting is attached to my written statement.

In Tucson, we adopted a set of principles to guide the Conference in working with you to reauthorise UMTA. The key Tucson principles are outlined below.

Increased Authorization Levels. The Administration's August, 1979, transportation energy initiative was based on a windfall tax of $140 billion, and gasoline prices of $.85 per gallon. Events have changed these assumptions dramatically, and rendered the original proposal inadequate. A new ten-year capital program of $40 billion should be established to reflect the new realities of growing gas prices, increased transit demands and the estimated $410 billion gross windfall tax. The capital authorization levels proposed in H. R. 6417 through the year 1985 go considerably further than the Administration's in meeting this test. In addition, the overall levels for operating assistance proposed by H. R. 6417 are also more acceptable to the nation's cities.

Direct DOT Bus Purchase. DOT should be empowered to purchase buses directly from manufacturers for transfer to cities. This innovation, which would require the development of a more standardized bus, would greatly simplify the bus procurement process, move more buses onto streets quickly and contribute to energy conservation. Secretary Goldschmidt and Senator Williams have proposed this concept. We urge its careful consideration by this subcommittee.

Service Based Operating Assistance. The Conference of Mayors believes that the UMTA operating assistance formula should be reformed from its present total reliance on population and instead be based on transit service. We believe revenue vehicle miles is the best regularly reported, updated and auditable measure available. Population is an inefficient tool for allocating increasing scarce transit resources. The creation in the past by this Committee of Tiers II and III, supported by the Conference, suggests your recognition of our need to do a better job getting the transit dollar to the location of transit service.

The present formula supports an inequitable distribution of transit resources. For instance, those cities with populations of 750,000 and over carry 85 percent of revenue passengers, bear 87 percent of costs and have 81 percent of vehicle miles. Yet they receive only 70 percent of federal operating assistance, which accounts for only 16.5 percent of total costs.

By contrast, those areas under 100,000, a relatively small share as measured by all transit service factors, have more than 37 percent of costs picked up by the federal government.

Clearly, we can do better.

H. R. 6417 would direct 78 percent of funds to the areas over 750,000 by 1985. Secretary Goldschmidt has proposed that the formula be changed to include 50 percent vehicle miles and 50 percent population. While these are steps in the right direction, we are hopeful that this subcommittee will adopt a formula based solely on vehicle miles.

Reform of the formula is essential. The present federal program provides 17 percent of total operating costs. Though we believe 25 percent is more appropriate, we recognize that with the combination of increased ridership and inflation, assuming a 7 percent annual program dollar growth rate, the federal percentage of total operating costs will decline. That is why it is important to put the dollars where the action is, and provide incentive for ridership growth.

Currently, some $20 million dollars will be apportioned to urbanized areas with no vehicle miles of transit service. Moreover, the 1980 census might add some 100 communities as eligible for operating assistance by virtue of population, but without transit systems. This makes no sense given the current budget austerity.

However, the Conference recognizes that we have a responsibility to provide for the future, as well as the present. Areas eager to start up transit systems in the future should be eligible for start-up funding to get their systems moving until their vehicle miles begin to bring them into the program. In addition, some provision, on the capital side, either a new category under Section 3, or a form of revolving fund, similar to the highway program, ought to be made availalbe to identify and buy potential transit corridors before housing and commercial developments and escalating land prices put the transit option beyond their reach.

Mr. Chairman, as you work towards reform of the UMTA program, we are hopeful that this subcommittee will provide leadership in expending FY 80 authorization levels to accept the FY 80 supplemental of $675 million to be derived from the Windfall Profits Tax. This additional authorization is sorely needed to inject an increase into the bus production program, as well as fund new rail starts and rail rehabilitation efforts.

Finally, Mr. Chairman, as we work together with you to create an effective public transportation program for the 1980's, we cannot forget highways. We are deeply concerned about the declining status of the Highway Transit Fund. We opposed the recently passed gasohol exemption which is a direct threat on the fiscal integrity of the Trust Fund. We are hopeful that the proposed ten-cent gas tax increase can at least partially be earmarked for programs in the area from which the tax is derived — transportation. We look forward to working with your Subcommittee on efforts to strengthen the Trust Fund, particularly so that it can deal effectively with streets and highway physical needs and transportation systems management.

Mr. Chairman, the U. S. Conference of Mayors appreciates the opportunity to meet with this Subcommittee this morning. We pledge our best efforts to work under your leadership to develop a balanced transportation system for the next decade.

We will be pleased to answer any questions you might have.

UNITED STATES CONFERENCE OF MAYORS
1620 EYE STREET, NORTHWEST
WASHINGTON, D.C. 20006
TELEPHONE: (202) 293-7330

REAUTHORIZING UMTA:

Outline of Principles

The nation's cities met in Tucson on March 27, 1980 to develop principles to guide the U.S. Conference of Mayors in working towards reauthorization of the Urban Mass Transportation Act.

The Tucson meeting was sponsored by Mayor Lewis C. Murphy, Chairman of the Conference of Mayors Subcommittee on Public Transportation. Cities in attendance included:

New York
Chicago
Los Angeles
Philadelphia
Boston
San Francisco
Seattle
Portland
Salt Lake City
Las Vegas
Anchorage
Tucson
Phoenix
Rochester
Mobile

Cities present in Tucson account for over 80 percent of 1979 transit ridership.

The meeting was also attended by representatives of the U.S. Department of Transportation and the House Committee on Public Works and Transportation.

The rising price of gasoline is dramatically increasing public transportation demand. The federal capital and operating assistance programs for public transportation must be restructured to be sensitive to this. In addition, the new revenues available through the Windfall Profits Tax must be incorporated into the UMTA law to assist in doubling transit ridership over the next decade.

The Tucson meeting reached consensus on the principles outlined below.

Increased Authorization Levels

The Administration's proposal to spend $16.5 billion on energy-efficient transportation was based on a windfall tax of $140 billion and gasoline prices of 85¢. A new ten-year capital program of over $40 billion should be established to reflect growing gasoline prices, transit demand and the $410 billion gross windfall tax. Similarly, while the Administration has proposed a five-year operating assistance program of $7 billion, a level of $11 billion is more realistic given inflation and increased transit ridership.

Direct DOT Bus Purchase

The Secretary of Transportation should be empowered to purchase buses directly from manufacturers for transfer to cities. This innovation, which would require the development of a more standardized bus, would greatly simplify the bus procurement process, move more buses onto streets quickly and contribute to energy conservation.

Service Based Operating Assistance

The UMTA operating assistance formula should be based on transit service to the greatest degree possible. Population factors generally should not be used. The Secretary of Transportation has proposed a formula of one-half revenue vehicle miles and one-half population. This is a step in the right direction and is better than the existing formula of population/population density. It can be improved in the following manner:

Mixing Vehicle Miles. Whatever formula is adopted should treat bus vehicle miles and rail vehicle miles separately. Mixing vehicle miles discriminates against rail because of its greater capacity.

The Rail Tier. Rail transit carries 24.8 percent of vehicle miles, bears 37.8 percent of costs, has 28 percent of passengers and 35.7 percent of passenger miles. It should receive at least from 25 to 33 percent of federal transit dollars. The Administration provides it with roughly 10 percent.

Updating Data. Vehicle miles if used as the basis for the operating assistance formula, should be updated annually to ensure that cities of all sizes which exhibit transit growth receive credit for it. Because vehicle miles can be so frequently updated, it is a more attractive tool than population.

Smaller Cities. A vehicle mile based formula does not discriminate against smaller cities if they are initially held harmless at their current levels and sufficient operating assistance funds are available for growth as their vehicle miles grow. Many medium and small cities have exhibited vigorous vehicle mile growth in recent years. For further protection of smaller communities, some population factor may be considered.

Incentive Programs. The Secretary has proposed awarding additional operating assistance to those communities which exhibit transit growth above a certain level. This should be supported. Development of a reliable, permanent and stable state or local dedicated tax base for transit financing should also be considered as the basis for awarding an incentive grant.

Unified Formula. In addition to a formula based on vehicle miles, consideration should be given to development of a closed, unified formula for all transit modes, which would assign a fixed weight to bus, rail, light rail and trolley vehicles, such as 1.0 for trolley buses and buses on bus ways, 1.5 for light rail and cable car, 3.5 for heavy rail and 4.0 for commuter cars. This would have the advantage of ending the open tier system which provides the ability to discriminate against modes in the funding process. Under a unified formula, if appropriations were less than the authorized level, the shortfall would be shared among modes.

These principles will guide the U.S. Conference of Mayors during the next several months as it works with the Secretary of Transportation and the Congress towards effective reauthorization of the Urban Mass Transportation Administration for the 1980s.

pages tightly bound

best copy available

THE NEW YORK TIMES, MONDAY, APRIL 14, 1980

Gas Prices Prompt Fight Against Sprawl of Cities

PHOENIX — Many of the growing cities in the Southwest, whose sizes, shapes and characters have been determined largely by the easy mobility of the automobile, have begun to think about a future without cheap gasoline.

In such cities as Phoenix, Dallas, Albuquerque, Houston and San Diego, political leaders are questioning the traditional form of urban expansion in the Southwest, relentless annexation and construction of more and more tracts of single-family homes at the fringes of town. They have started to encourage development of higher density housing on smaller lots near the central city.

Mass transit, which until recently was regarded in many places almost exclusively as a tax-subsidized benefit for the poor and the elderly, is looked upon increasingly as a realistic alternative for middle-income jobholders.

"In-filling" is a newly popular urban strategy. Here in Phoenix, for example, a citizens' committee last month adopted a plan under which developers would be given financial and other incentives for building in undeveloped pockets of neighborhoods they had bypassed in the push to the city's edge.

And the City Council has adopted a land-use plan envisioning creation of more or less self-contained "urban villages" within the city, each with jobs and housing, in a strategy aimed at reducing the long, gasoline-consuming trips between home and job that are now routine.

Compared with the recent history of development in the Southwest, where one-man, one-car mobility has long been considered a kind of birthright, such ideas seem heretical, old-timers admit, and there is still much resistance to them. But urban officials here and elsewhere say they reflect a growing acceptance of the fact that America faces a future without cheap gasoline.

Moreover, they say other factors are helping to change attitudes. Some residents express concern that the traditional development patterns have led to deterioration in the quality of life in the cities. The soaring cost of housing has made the conventional suburban home unaffordable for many young people and has forced them to consider an older house near the center city or a multifamily unit in an older section of town.

Expanding Transit System

"The Western ethic is still here," said Larry Lazarus, a Phoenix lawyer who helped draft the urban-villages plan. "We still have people who want to live on a one-acre horse ranch. But you've also got people who are becoming more and more realistic about the cost of this kind of life style, not only the cost of gasoline now but other costs of this kind of skip-development that we've had."

Lee Simpson, a Dallas City Councilman, said: "When you look at the Sun Belt cities which have exploded in the past 20 years, you realize how terribly dependent they are on the automobile for commerce; it's the lifeblood of a city; you realize how vulnerable your economy is, not only to an interruption in the fuel supply, but to the effect of higher costs when you have the kind of dispersed land-use pattern we have."

Dallas must expand its transit system and find other ways to reduce its reliance on gasoline, he said. At least to a small extent, he added, "it's already starting to happen," with the city's first projects to develop bypassed areas.

Robert Stephens and Elaine Tanner, a husband-wife contracting team, for example, say they discovered a strong demand for new homes near the central city in a formerly deteriorating neighborhood called Old East Dallas.

"It's only two miles from the downtown, but it had been overlooked," Miss Tanner said. "We bought 35 lots at $6,000 each," a fraction of the cost of comparable lots elsewhere in the city, she said.

Eighteen homes have been sold, Miss Tanner said, several to unmarried young people; comparable lots in the area now sell for $18,000.

Officials interviewed in several of the cities said that there is still substantial pressure to continue development of the outskirts, and most said they did not foresee it ending altogether. But most stressed that they thought inevitable economic forces were changing the old ways.

In Tucson, for example, many businessmen who have a stake in the continued expansion of that fast-growing city oppose any policy that would limit outward expansion into the desert. But, as David Taylor, a city planner pointed out recently, the city in a few years will probably be unable to provide utilities for such areas because it would reach its legal limit for issuing bonds to finance them. "Coupled with the cost of energy," he predicted, sentiment would build to restrict sprawl and encourage filling in of areas previously passed over.

In Phoenix, growth has been so rapid that the city says it may have to halt new home construction this summer because the city sewer system is nearing capacity, a situation that adds more pressure to build homes in areas bypassed by developers where utilities are in place.

"In-filling is coming; it has to," said Theodore Alexander, a Phoenix architect. "You can't keep building more and more sewer lines, more police and fire substations; it's killing the city."

The soaring cost of gasoline appears in some ways to have underlined emerging worries over what some people call the deteriorating quality of life in the Southwest's booming cities.

Traffic Congestion in Houston

In Houston, for example, the recently elected Mayor, Jim McConn, said the traffic congestion had become so severe that the city should cease its rapid annexation policies of the past decade and concentrate on in-filling projects and other policies to give the city a breather from rapid growth.

In San Diego, Mayor Pete Wilson, declaring that urban sprawl was making life less enjoyable, has made "in-filling" a principal legislative goal. Last year he won approval of new city ordinances giving contractors incentives to build in previously bypassed areas of the city. As in other communities, however, the plan to put multifamily buildings in neighborhoods formerly limited to single-family homes is encountering resistance.

Earl de Berge, president of Phoenix's Behavior Research Corporation, which conducts the Rocky Mountain Poll, a quarterly opinion survey in eight Western states, said he believed that a "conservation ethic" was sweeping much of the West. It is reflected, he said, not only in a growing reaction against the West's traditional "boom mentality," but in such things as increased popularity of energy-efficient small cars and a turning away from energy-wasting housing.

Higher gasoline prices were a factor for the Westerner, he said: "the economics of transportation has forced him to rethink the manner in which he is going to live." In addition, Mr. de Berge discerns a sense that many of the amenities of life Westerners were seeking have been eroded by excess growth.

But Mr. de Berge added that his surveys indicated that these were not the only factors; they indicated many people wanted to make a statement against the Organization of Petroleum Exporting Countries.

"The public is rising up to participate in the defense of itself," he said. "The public sees an enemy waging war on this country and it is using conservation of energy, individually, and hopefully, collectively, as a weapon against the economic warfare of the oil exporting countries."

TESTIMONY OF KENNETH SLAPIN, COUNCILMEMBER, NORWALK, CONNECTICUT ON BEHALF OF THE NATIONAL LEAGUE OF CITIES

Mr. Chairman and Members of the Subcommittee. My name is Kenneth Slapin, Council Member from Norwalk, Connecticut. As you know, the National League of Cities represents approximately 15,000 cities through their membership directly in NLC and in 48 State municipal leagues. Within NLC I am Vice-Chairman of the Transportation, Public Safety and Communications Steering Committee. I am also one of two appointed commissioners of the Norwalk Transit District, which operates one of the very few new bus system starts in the country.

It is a pleasure to testify today on H.R. 6417, the Surface Transportation Act of 1980. I would also like to express appreciation to you, Mr. Chairman, for your continuing and strong support for an expanded national transportation system.

Mr. Chairman, my statement will concentrate on the reauthorization of the Urban Mass Transportation Act (UMTA) and those highway programs relating to Transportation Systems Management (TSM) and Ridesharing, since these areas have been the focal point of NLC's Transportation Committee work over the past several months. We have assumed that the highway programs will be considered for reauthorization next year, and at that time NLC plans to be prepared with its position on the highway programs.

Mr. Chairman, the expansion of public transportation systems throughout the country is one of the few clear alternatives we have in meeting the major challenge of this decade, less energy at ever increasing prices. Public transportation provides an opportunity to preserve our tradition of mobility, while at the same time consuming non-renewable fossil fuels in a more efficient, rational manner.

Moreover, public transportation usage effectively increases the capacity of our present road systems and parking facilities, while also helping to reduce the air pollution attributable to private automobiles.

A renewed federal commitment to public transportation will require additional federal investment over the next decade. We congratulate the Administration and the Congress for the windfall profits tax bill, a measure which will provide a revenue source for this expanded effort.

When the Administration developed its overall energy program, which included a $13 billion initiative for public transportation, the program levels were based on assumptions about future oil prices and total windfall tax revenues now proven to have been unrealistically low. For the public transportation initiative, these assumptions about oil prices indicated that a national goal calling for a 50 percent increase in transit capacity by 1990 was warranted.

Now that oil prices are increasing much faster than projected under these earlier estimates, NLC believes that the Administration's initiative must surely be revised upward, to reflect higher oil prices and anticipated increases in transit demand.

Last year alone, transit ridership increased by seven percent nationwide. If this trend continues, and there is every reason to be confident it will, a goal of increasing transit capacity by 100 percent is proper and realistic.

Mr. Chairman, H.R. 6417 expands the federal commitment to meet the anticipated transit demand which will inevitably develop as decontrol drives gas prices upward. It is appropriate now for this Subcommittee to claim a higher level of these gross tax revenues for public transportation.

The nation is presently making a series of adjustments to the new realities of the energy problem. In my city of Norwalk, a city of 79,000 population, we have a modest system of 19 buses, operating for 17 months in a community which previously was virtually without transit service. The system, while once derided by some as overly ambitious, has within only seven months of beginning operation been rated by the local taxpayers at the top of all city services. Moreover, the system's capacity is now stretched during peak hours, and we will have a need for additional buses to meet this growing demand for service. But without substantially increased funding from the windfall profits tax -- beginning with the supplemental appropriations request for FY 1980 -- we have no hope of meeting this need.

For the first time, many cities are rightly recognizing the linkage between energy, public transportation, and a wide array of other urban conservation objectives. At first glance, the expansion of public transportation, when taken as an isolated activity, does not provide dramatic reductions in energy consumption. However, the development of public transportation must be viewed in a broader context. When one considers the potential efficiency of the secondary impacts, such as the energy savings that result from higher density development along major public transportation corridors, expanded public transportation becomes one of the few rational energy policies for the future.

When Secretary Neil Goldschmidt was Mayor of Portland, his now-famous comprehensive energy program was based, in large part, on this relationship between the development of an effective public transportation system and overall community energy use. Many other cities are now reviewing Portland's work to see how these energy principles can be applied in their communities.

* * *

I would like to offer some specific comments on the reauthorization of the UMTA program, and the TSM program and ridesharing. I would point out to the Committee that NLC's Transportation Policy Committee has not yet addressed the Section 5 changes proposed in H.R. 6417 and the Administration's bill. Consequently, I will limit my testimony on the UMTA program to those major changes in the Section 3 programs. NLC's Transportation Committee will meet later this month to develop specific recommendations on the Section 5 program. NLC would like to submit additional comments for the Committee's consideration at that time.

UMTA Program

First, the increased funding levels in H.R. 6417 for the Section 3 program emphasize the importance of a rapid expansion of public transportation. When it considered the Administration's original proposal, of $13 billion in additional authority for Section 3 over a ten-year period, the NLC committee on which I serve specifically recommended disproportionately higher levels of authority in the first half of the decade -- in other words, "frontloading" the program. This emphasis on early investment during the 10-year period would enable many cities to accelerate the completion of existing commitments and undertake new starts, while minimizing the effects of inflation and higher construction costs due to energy price increases. It would also have the important structural effect of building the necessary capacity in American industry for the production of the adequate number of buses.

Second, NLC strongly endorses the provisions of H.R. 6417 which establish a separate authorization within the Section 3 program for major new construction projects: new starts, extensions, and downtown people movers. In addition, H.R. 6417 provides a level of overall authority for Section 3 that is sufficient to accommodate these major transit construction projects through 1990.

This ten-year authorization within Section 3 provides a clear national policy that commits federal resources to these new transit projects. Major new capital projects, such as fixed rail systems, require a long-term commitment to complete. A ten-year federal funding commitment would help give the assurance that these significant projects will be built. The proposed change in the letter of intent process that requires notification of the authorizing committees as well as the appropriations committees will enhance Congressional review of funding commitments to these new projects.

Third, NLC supports a formula for the distribution of funds under the rail rehabilitation and modernization program in Section 3. A formula that commits federal resources to existing rail systems based on relative long-term needs would provide an equitable process for the allocation of funding. NLC believes that the formula provisions of S. 2296 should be incorporated in the Subcommittee's reauthorization bill. It is prudent federal policy to maintain these major national energy conservation resources -- existing rail systems -- through a systematic, equitable allocation of federal assistance.

Fourth, NLC supports and urges the enactment of provisions which would authorize the Secretary of Transportation to make direct purchases of public transportation equipment. Such provisions would add stability to the national public transportation system by allowing federal acquisition of transit equipment which could then be made available to local operators without delay after grant applications are approved. In the case of new buses, this delay period typically exceeds one year. In addition, this proposal would enable DOT to organize the demand of new transit equipment, particularly for buses, in an orderly manner and thus assist the domestic transit industry. This purchase authority will help reduce unit costs and time delays while at the same time it will provide needed stability to the domestic transit industry.

Fifth, NLC endorses continued funding for important AMTRAK commuter rail service under the existing financial arrangement. NLC believes that these AMTRAK trains operating between two urbanized areas should be treated separately from regular commuter rail service. NLC supports the provisions of S. 2296 as the preferred funding arrangement for this important commuter service.

Sixth, NLC endorses an increase in the Section 3 authorization for FY 1980. The existing Section 3 program in FY 1980 is inadequate to meet growing public transportation needs. For example, the existing authorization will only provide enough funding for the procurement of approximately 3,000 buses, a level 1,200 below annual replacement needs. In order to provide for some real growth in public transit bus capacity and to move forward with expanded capital projects, the FY 1980 Section 3 authorization level must be increased. This is not a matter which can be appropriately deferred until next year. It is important to stimulate bus production immediately because of the substantial lagtimes.

Finally, NLC urges the Committee to clarify the application of Section 504 of the Rehabilitation Act of 1973 to the UMTA program. As you know, NLC opposes a national uniform standard of accessibility for the handicapped, as is at present required under DOT rulemaking.

NLC, however, does support a local-option provision which would allow local communities to develop either accessible specialized services or fixed route accessible services or some combination of the two. Service standards could be developed by a local jurisdiction in consultation with the handicapped community in order to match existing needs with public resources.

The present status of the Section 504 program is unsatisfactory and unacceptable. As the Congressional Budget Office has concluded, transit operations are being required to provide accessibility levels of often questionable usefulness at prohibitive costs. We simply cannot afford to commit precious resources in such a vital program -- or any program -- so inflexibly and unproductively, while we are all striving to limit the expense of public undertakings and to make them more efficient.

Transportation Systems Management (TSM) and Ridesharing

TSM and ridesharing programs must be given additional federal support if we are going to deal more effectively with the nation's liquid fuels problem. These transportation efficiency programs not only enhance the effectiveness of our transit investments, but they also provide immediate improvements in the efficiency of gasoline use by private automobiles.

As you know, Mr. Chairman, H.R. 6417 provides an increased authorization for a range of important TSM activities, such as improved traffic signalization, channelization of traffic, and other improvements that encourage higher occupancy travel. Many communities have already demonstrated the effectiveness of these measures in terms of energy conservation. Increased funding in this area will help communities move forward with these energy-transportation projects which will significantly contribute to the national energy goal of reduced gasoline consumption.

As part of this TSM initiative, NLC urges the Committee to incorporate the provisions of H.R. 6964, the National Ridesharing Act of 1980. This proposal specifically authorizes a limited amount of funding for grants to States and local governments for the establishment of ridesharing programs. This startup funding for ridesharing programs at the State and local level is sorely needed during this time of budget constraint at all levels of governments. In addition, ridesharing has been characterized as the most cost effective energy-transportation measure available to State and local governments. NLC urges the Committee to incorporate ridesharing and TSM programs into the reauthorization bill for the UMTA program.

In closing, Mr. Chairman and Members of the Subcommittee, I thank you again on behalf of the nation's cities for your continuing support for an effective and efficient national public transportation system. NLC looks forward to working closely with this Subcommittee and the Administration on the reauthorization of the UMTA program and related TSM and ridesharing programs.

Statement of the Honorable William Oliver, Commissioner, Metropolitan Dade County, Florida; on behalf of the "National Association of Counties"*; before the Subcommittee on Surface Transportation, Committee on Public Works and Transportation; on H.R. 6417, the Surface Transportation Act of 1980; and H.R. 6900, the Administration's Proposed Public Transportation Amendments of 1980; April 16, 1980.

Mr. Chairman and members of the committee -- my name is William Oliver. I am a county commissioner from Metropolitan Dade County, Florida. I am also vice-chairman of NACo's public transportation subcommittee.

On behalf of the 3,104 county governments in this nation, we welcome the opportunity to present our concerns and thoughts to this committee. We hope that you will give our testimony careful consideration, and that the 1980 Public Transportation Act will specifically address the issues we raise.

County government is important to millions of Americans, and has been with us since the founding of the first counties in Virginia in 1634. Today, over 90% of the American population receive at least some local services from a county government. For 35% of Americans, their county government is their only local government. If we are to address the local governmental needs of this 35% of the American population, the only way in which it can be done is through our counties.

We sometimes tend to think of county government as a part of rural America, and often this is true. But many of our counties also deal with urban problems, and often these urban counties have all of the powers, responsibilities and problems of large cities.

---

*The National Association of Counties is the only national organization representing county government in the United States. Through its membership, urban, suburban and rural counties join together to build effective, responsive county government. The goals of the organization are: to improve county governments; to serve as the national spokesman for county governments; to act as a liaison between the nation's counties and other levels of government; and, to achieve public understanding of the role of counties in the federal system.

My own county has a population of 1.6 million which is steadily growing. The central city of Miami with 400,000 people, is to a large degree, more closely related to the Metro-Dade Government because Metro-Dade is a two tier government exercising all local transportation powers throughout the urbanized area. My county also serves a diverse population made up of 35% Hispanic, 16% Black, who are heavily dependent on our public transit system, along with a large population of elderly and retirees.

Metropolitan Dade County is in the process of building a major rapid transit system to serve our growing population and visitors to our metropolitan area. Stage I of our system is 20.5 miles, and it is all elevated in configuration. The system is budgeted at approximately $967 million. The monies for the system will come from the Federal government (77%), and 23% from non-federal sources. Dade County's share is being provided through what is known as the Decade of Progress Bonds approved by Dade County in 1972. The scheduled completion of this project in July, 1988 is directly linked to the availability of sufficient Federal funding in 1980 and 1981. To date the bids received have been well under the projected budget. Of the bids received to date, the budget figure is $260.0 million and the low bids total $225.8 million. This means that when all bids are awarded, Dade's rail system will be approximately $34 million or 13 percent under the budget.

We also recently received a federal commitment for a downtown people mover (DPM) in Miami. The DPM at a total cost of $50 million will allow construction of a 1.9 mile loop around the heart of Downtown Miami. This is a downtown distributor for Rapid Transit and it interfaces with the Government Center Station. In October, 1979, Dade County and the City of Miami submitted a DPM Premium Funding Proposal to UMTA which offered an extra local share as a inducement to obtaining federal financing. This 2/3 Federal 1/3 local approach is the second time Metropolitan Dade County has offered such a proposal to UMTA to improve the County's public transportation system.

COUNTIES AND PUBLIC TRANSPORTATION

Mr. Chairman, I would now like to present a short overview of the role of the nation's counties in public transportation.

Over the past decade, many of our suburban and urban counties have become providers of public transportation services. A number of these urban counties, such as my own, directly own and operate major transit systems. Others are major financial sponsors of metropolitan transit authorities. An example of this kind of county leadership can be seen right here in the Washington Metropolitan area, where the four surrounding metropolitan counties are contributing large amounts to the construction and operation of "METRO". The committee should also know that many other counties are becoming involved in new transit services. The reason for this growth can be traced to the nation's current energy shortage and price demands, as well as the need to provide all our citizens with suitable alternatives to the automobile.

From the counties' vantage point, we are committed to supporting policies which will respond to the public transit needs of our many urban and suburban jurisdictions. At the same time, we must develop cost-effective options for communities without transit services.

WINDFALL PROFITS TAX AND HR 6417

The Congress and the Administration have agreed that there is a strong correlation between the price of oil, the price of gasoline, the demand for public transportation and the need for additional transit capital funds. Congress recently finalized the windfall profits package indicating that a portion of the revenues should be made available for public transportation. The National Association of Counties support the President's windfall profits tax initiative and even hosted President Carter's now famous speech regarding the energy "malaise" and the challenge to our country at our convention in July. The President also suggested that local governments could play an immediate role in reducing energy consumption by enforcing the speed limit and improving public transportation, with assistance from the windfall profits tax. Since that time, we have supported earmarking a minimum of 25 percent of the windfall profits tax, but the Congress did not provide for earmarking of a set percentage from the tax for public transportation.

Congress now is responding to meet the need created by $1.50 to $2.00 gallon costs of gasoline. Mr. Chairman, we appreciate your quick and timely response by introducing HR 6417, which will authorize the first increments of much needed capital transit funding from the windfall profits tax.

This committee's proposed capital assistance authorizations will not only set the stage for a more orderly and planned expansion of local transit systems, but will also provide assistance to complete many new rail systems such as that of my own community. Moreover, we

BELIEVE THAT HR 6417 AUTHORIZATIONS FOR NEW STARTS, EXTENSIONS AND DOWNTOWN PEOPLE MOVERS WILL PROVIDE A CLEAR SIGNAL TO MANY LOCAL GOVERNMENTS TO PROCEED WITH PLANS TO BUILD THESE MUCH NEEDED SYSTEMS.

WE DO SUGGEST THAT A SEPARATE AUTHORIZATION FOR NEW STARTS BE CREATED AS PART OF SECTION 3. THIS, WE BELIEVE WOULD BE ONE WAY TO IDENTIFY USES OF WINDFALL PROFITS TAX FUNDS AND ENSURE THAT FUNDS FOR NEW STARTS, EXTENSIONS, AND DOWNTOWN PEOPLE MOVER PROJECTS WILL BE AVAILABLE OVER THE PERIOD OF THIS LEGISLATION.

WE ALSO SUGGEST THAT A RAIL MODERNIZATION PROGRAM BE ESTABLISHED, BASED ON A SURVEY OF NEEDS. THE CREATION OF THIS IMPORTANT NEW ELEMENT IN THE SECTION 3 PROGRAM WOULD PROVIDE FUNDING NOT ONLY TO ARREST OUR NATION'S DETERIORATING RAIL SYSTEMS BUT TO CLARIFY PROGRAM SUPPORT FOR COMPETING BUS AND BUS FACILITIES PROJECTS.

WE ARE IN AGREEMENT WITH THE ADMINISTRATION'S PROPOSAL TO IMPLEMENT SECRETARY GOLDSCHMIDT'S RECOMMENDATION ALLOWING UMTA TO PURCHASE FROM MANUFACTURERS BUSES WHICH WOULD THEN BE AWARDED TO COMMUNITIES THROUGH NORMAL UMTA GRANTS. THIS APPROACH WOULD STIMULATE BUS PRODUCTION, AND SHORTEN THE LENGTHY WAITING TIME FOR LOCAL BUS DEPLOYMENTS.

FORMULA ASSISTANCE AND HR 6417

CLOSELY RELATED TO OUR PRESSING CAPITAL EQUIPMENT REQUIREMENTS IS THE NEED FOR INCREASED, DEPENDABLE AND EQUITABLE FEDERAL OPERATING ASSISTANCE.

WE APPLAUD CONGRESSIONAL EFFORTS TO INCREASE THE OPERATING ASSISTANCE PROVIDED FOR IN SECTION 5 IN RESPONSE TO SPIRALLING INFLATION AND INCREASED TRANSIT RIDERSHIP.

HOWEVER, WE FEEL THAT SECTION 5 AMOUNTS WILL NOT KEEP UP WITH SPIRALLING COSTS. PRESENTLY, LOCAL PROPERTY TAXES, REVENUES FROM STATE CONTRIBUTIONS AND PASSENGER FARES SATISFY APPROXIMATELY 82% OF NATIONAL TRANSIT OPERATING COSTS. OVER THE NEXT FIVE YEARS, IT IS ESTIMATED THAT IT WILL TAKE APPROXIMATELY $11 BILLION IN FEDERAL OPERATING ASSISTANCE TO KEEP UP WITH COSTS AND EXPAND SERVICES.

OVER THE PAST SEVERAL YEARS, THE NATIONAL ASSOCIATION OF COUNTIES HAS WORKED WITH THE CONGRESS TO SECURE INCREASED FEDERAL OPERATING ASSISTANCE. FOR EXAMPLE, DURING DEBATE ON THE SURFACE TRANSPORTATION ASSISTANCE ACT OF 1978, WE SUPPORTED THE FORMULATION OF WHAT IS KNOWN AS THE TIER II PROGRAM, WHICH MORE EQUITABLY DISTRIBUTES FEDERAL ASSISTANCE TO OUR LARGEST TRANSIT SYSTEMS. WE ALSO STRONGLY SUPPORTED THE CREATION OF THE SMALL URBAN AND RURAL SECTION 18 PROGRAM BECAUSE WE SAW THE NEED TO CHANNEL FEDERAL TRANSIT ASSISTANCE TO AREAS BELOW 50,000, WHICH UP UNTIL 1978 HAD NOT RECEIVED ANY FEDERAL TRANSIT SUPPORT.

AS YOU KNOW, THE ADMINISTRATION HAS PROPOSED A MAJOR REVISION IN THE CURRENT SECTION 5 (TIERS I & II) OPERATING ASSISTANCE FORMULA. WE HAVE MET WITH THE ADMINISTRATION CONCERNING THIS PROPOSAL AND ARE PRESENTLY REVIEWING THE IMPACT OF THIS CHANGE ON COUNTIES. WE ARE ALSO EXPLORING THE POTENTIAL BENEFITS OF A TOTAL SERVICE FACTOR SECTION 5 FORMULA. UNDER SUCH AN ARRAGEMENT, WE BELIEVE IT MAY BE POSSIBLE TO

STRENGTHEN OUR EXISTING FEDERAL-STATE-LOCAL PARTNERSHIP BY ALLOWING THE TOTAL FEDERAL SHARE TO APPROACH 25% OF COSTS BY 1985. THIS WE FEEL MAY PARTICULARLY BENEFIT THE LARGEST TRANSIT SYSTEMS WHO ARE CARRYING THE LARGEST NUMBER OF RIDERS AND AT THE SAME TIME, PREVENT FINANCIAL IMPACTS ON SMALLER OPERATIONS.

HOWEVER, WE STRONGLY SUGGEST THAT ANY NEW SECTION 5 FORMULA CONSIDER THE UNIQUE NEEDS OF EXPANDING SYSTEMS WHO PRESENTLY MAY BE UTILIZING A HIGHER SHARE OF FEDERAL ASSISTANCE. THESE SYSTEMS ARE NOW JUST BEGINNING TO BUILD FOR THE FUTURE AND SHOULD NOT BE PENALIZED BY A LOWER FEDERAL SHARE OF OPERATING ASSISTANCE. MOREOVER, IT SHOULD BE NOTED THAT FOR EACH FEDERAL DOLLAR, THERE ARE LOCAL MATCHING DOLLARS TO OPERATE THESE SYSTEMS. WITHOUT A STABLE AND RELIABLE FEDERAL SHARE, LOCAL OFFICIALS WILL REMAIN UNSURE AND UNCLEAR ABOUT THEIR TOTAL FINANCIAL RESPONSIBILITY.

IN DADE COUNTY, WE SUPPORT THE PROPOSED REVISIONS TO SECTION 5 FUNDING. WE BELIEVE THE INCENTIVE APPROACH UTILIZED IN THE ADMINISTRATION'S PROPOSAL, PLUS THE CRITERIA FOR ALLOCATION OF DOLLARS IN TIERS I, II, III, AND IV ARE SUBSTANTIALLY IMPROVED OVER EXISTING CRITERIA. DADE COUNTY HAS ALWAYS ASSUMED LOCAL RESPONSIBILITY FOR THE LEVEL OF TRANSIT SERVICES IT DELIVERS. WE ARE COMMITTED TO BOTH IMPROVING AND EXPANDING THE QUALITY OF TRANSIT SERVICE. INCREASED TIER III AND IV FUNDING IS A POSITIVE STEP. BUS REVENUE VEHICLE MILES IS AN APPROPRIATE FACTOR TO BE USED IN THE NEW FUNDING FORMULA. THE ADMINISTRATION'S INCENTIVE FORMULA GRANT PROGRAM BEGINNING IN FY '83 WILL ENCOURAGE INCREASED TRANSIT RIDERSHIP AND A STRONGER REVENUE BASE. FROM DADE COUNTY'S PERSPECTIVE, BOTH ITEMS ARE NEEDED TO KEEP TRANSIT SYSTEMS OPERATING IN A FISCALLY RESPONSIVE MANNER.

THE FUTURE

Mr. Chairman and members of the Committee, it is clear that new public transportation legislation is needed during this session of Congress. We must move swiftly to assure a responsive and effective Urban Mass Transportation program. Later this month, counties from across the country will meet to continue review of all transit proposals. By virtue of this hearing together with the Administration's and Senate's proposals, we believe we are making good progress toward new transit legislation this year.

Mr. Chairman, the National Association of Counties appreciates the opportunity to be with you today and discuss our views. We would be pleased to answer any questions you or other members of the Committee may have.

Mr. **Howard**. Please proceed.

TESTIMONY OF PANEL CONSISTING OF LEWIS C. MURPHY, MAYOR OF TUCSON, ARIZ., REPRESENTING THE U.S. CONFERENCE OF MAYORS; KEN SLAPIN, COUNCIL MEMBER, CITY OF NORWALK, CONN., REPRESENTING THE NATIONAL LEAGUE OF CITIES; AND WILLIAM OLIVER, COMMISSIONER, METROPOLITAN DADE COUNTY, FLA., REPRESENTING THE NATIONAL ASSOCIATION OF COUNTIES

Mr. **Murphy**. Thank you very much, Congressman.

My name is Lewis Murphy. I am the mayor of the city of Tucson, Ariz. I am here in a representing capacity of the mayors of the country, through the U.S. Conference of Mayors.

As the chairman of the Subcommittee on Public Transportation and the immediate past chairman of the Transportation Committee, I very much appreciate the opportunity to give testimony with respect to the reauthorization to the Urban Mass Transportation Assistance Act.

I might just say, under your definitive leadership and H.R. 6417 and Secretary Goldschmidt's proposals, we agree. But I would add a few comments.

We see this as an opportunity to continue a partnership with your committee and the mayors of this country entered into last year when we sought to create a public transportation trust fund capability in the neighborhood of 25 percent of the windfall profits. Your leadership has developed public transportation energy-efficient programs we feel that will definitively deal with the 1980's. The cities of our great Nation are increasing commitments to public transportation due to the increased cost of gasoline, the desire for energy conservation, and the demand for increased services on the part of our citizens.

As a result, service and ridership are both expanding dramatically. In our community of Tucson, Ariz., we have this year increased ridership approximately 20 percent over last year and we have anticipated, based upon the first quarter of this year, that at the present rate of increase we will probably be up to a 30-percent increase at the end of this year.

The local share of our operating costs have gone from about $2.5 million in 1977-78 to $8 million in 1979-80, and we anticipate that share to increase another $3.9 to almost $12 million for our community in the coming fiscal year.

We are in the process, for example, of purchasing as many used buses as we can fund and afford. And as recently as 2 days ago, our community increased the bus fares by 40 percent.

Mr. Chairman, I would make one comment at this time, if I might, with respect to section 504 regulations regarding accessibility for the handicapped.

We, the mayors of the country, are substantially concerned with respect to the fact that the provisions as they presently exist, provide no flexibility or alternative options. This is mandating a significant cost to cities across the country.

Compliance by 1989 for our community, even with the extension and waiver of time, will cost us something in the neighborhood of $2 to $3 million per year.

My community has a very extensive specialized transportation service which it presently provides to the handicapped far in excess of that which is mandated under the 504 regulations.

And we would like this committee to give some consideration to some other optional methods of compliance with the 1973 Rehabilitation Act in that context.

Mr. Chairman, with respect to reauthorization, specifically H.R. 6417, and Secretary Goldschmidt's proposals, the mayors of this country feel they are substantially on target.

Last month 15 cities across the United States representing approximately 80 percent of the transit ridership in the United States met in my community and we were very pleased and honored, Mr. Chairman, to have your office represented personally by Mr. McCarthy.

We have attached a copy of the consensus report of that session to my prepared text submitted to the committee members.

If I might, by way of conclusion, I will touch on just two or three of those consensus concerns. The first would be the increase of the authorization levels. The original proposals, as you know, were based on anticipated windfall profit tax of approximately $140 billion when gasoline was 85 cents a gallon.

We would urge a 10-year capital funding of approximately $40 billion, based upon the increased gasoline prices, increased transit demands, and what we would estimate to be in the neighborhood of $400 billion gross windfall profit tax.

We would urge the capital authorization levels as proposed under H.R. 6417.

We encourage and enthusiastically endorse the Department of Transportation's direct bus purchase proposal. This would provide standardized equipment, it would simplify procurement and substantially reduce or speed up the delivery time which is of critical importance to the communities attempting to meet the demands.

Secretary Goldschmidt and Senator Williams have made the proposals and we encourage its endorsement.

Lastly, with regard to the UMTA operating assistance formula presently based on population, we feel it should be based on transit service levels, vehicle revenue miles, if you will, as a better reflection of needs as well as usage.

Secretary Goldschmidt proposed a formula based on 50-percent vehicle miles and 50-percent population. We feel this is a step in the right direction, but urge and encourage additional consideration by this committee with respect to a formula based solely on vehicle miles.

We feel there is a definitive need to generate incentives for ridership growth, and to have the funds available to the communities charged with providing the increased level of service to accommodate growth in demand.

We hope and we know this committee will exercise leadership in expanding fiscal year 1980 authorization from the windfall profit tax available.

We know if you are successful, it will increase bus production and allow for new rail starts and rail rehabilitation.

Last, I would like to echo your previous comments to Representative Patterson, with respect to the declining status of the highway trust fund. We are also opposed to gasohol exemption and, hopefully, sir, perhaps some portions of the 10-cent gasoline tax increase might be specifically earmarked for transportation requirements in this country.

Mr. **Howard**. I don't want to interrupt, but on that subject right there, we might think there are an awful lot of people not in favor of the 10-cents-a-gallon tax.

However, we have heard a great deal of words that with the funding problems that we do have getting an insufficient amount out of the windfall profit tax with only 15 percent of the money going to any kind of energy initiatives, that is a lot less than we hoped for, and the problems of decline in highway revenue, that perhaps if there is going to be a 10-cents-a-gallon tax that that might, along with what we get now, that might establish for us a total transportation trust fund which could handle all the surface transportation.

So, in mentioning this kind of tax, it might be something to keep in mind. This may be a way we can with a user tax solve several of the problems that we have today.

Mr. **Murphy**. Precisely why I wanted to mention that and concur with your previous comments.

For example, there are some of us in the State of Arizona urging our legislature to increase the State gasoline tax by 25 cents. We are not going to be successful, but we recognize that if we are going to keep a linkage between energy conservation and the unavailability of gasoline and oil and its increased cost in this country, we are going to have to pay for it, those of us using the system, and hope that Congress will recognize that linkage between the conservation and making moneys available.

I would conclude by thanking you for this opportunity to be with your full committee and to thank you for your definitive leadership which is much appreciated by the mayors of this country, and the partnership relationship at the staff levels.

Mr. HOWARD. Thank you very much.

There are an awful lot of people on the subcommittee on both sides of the aisle, including the ranking member, who have just as much as I have to do with developing these programs.

Mr. SLAPIN. Mr. Chairman, members of the subcommittee, my name is Ken Slapin. I am a council member from Norwalk, Conn.

The National League of Cities, as you know, represents approximately 15,000 of the Nation's cities, and within NLC, I am vice chairman of the Transportation Safety and Communications Steering Committee, which formulates policy for NLC.

I am also one of two appointed commissioners of the Norwalk Transit District which operates one of the new bus systems starts in the country.

It is a pleasure for me to testify on H.R. 6417. And I would also like to express appreciation to you, Mr. Chairman, for your continuing and strong support of an expanded national transportation system.

When the administration developed its overall energy program, the program levels were based upon assumptions about future oil prices and total windfall tax revenues. Now, clearly unrealistically low and for the public transportation initiative a 50-percent increase in transit capacity by 1990 was then thought to be the proper goal.

But last year alone, transit ridership increased by 7 percent nationwide and the trend continues.

There is every reason to expect that it will continue to have increases in transit capacity by a full 100 percent and is, in our view, proper and realistic. The Nation at this time is making a series of adjustments to the new realities to the energy problem.

In my city of Norwalk, a city of 79,000, we have a modest system. It has been operating 17 months in a community virtually without the transit service, and the system, initially derided by some as overly ambitious, was in only 7 months of starting operation rated by the local taxpayers who received questionnaires with the tax bills.

The taxpayers rated the new bus system at the very top of all city services.

Now, the system's capacity after a very brief period of operation, is stretched to its capacity during peak hours and we have a need for additional buses. But without substantially increased funding from the windfall profit tax beginning, I think it is necessary to say, with a supplemental appropriation for the current fiscal year we have no hope of meeting this need, and our ridership continues to be healthy.

We experience in our community, obviously, a very substantial jump in ridership as a result of the late spring and early summer gasoline lines.

But after the lines disappeared and after the so-called crisis diminished, we didn't lose the riders. In fact, the ridership on our system in the last month was 47 percent over the level of May 1979, prior to the gasoline crisis.

I have testimony which has been submitted to the committee, and I would like to summarize some of the more important points.

The major point which I can discuss deals with section 3. The NLC Steering Committee is going to meet in special session on April 25, later this month, to develop specific recommendations on the section 5 program. Personally, I can say that I favor the employment of ridership and initiative criteria in national policy on operating assistance.

First and importantly, I think it is important to have a rapid expansion of the public transportation program in the country, and that is the NLC position. The NLC committee of which I am a member, has specifically recommended disproportionately nationally higher levels of authority in the first half of the decade we are discussing.

In other words, front loading of the program. The emphasis on early investment during the 10-year period would enable a city to accelerate existing commitments and minimize the effect of inflation and higher costs due to price increases. It would also have the important structural effect of building the necessary capacity in American industry for the production of buses. The industry simply can't produce enough vehicles at the moment.

NLC also favors a second point, a separate authorization within section 3 for a major new construction project.

Third, it also favors a formula within section 3 for rail rehabilitation and modernization.

Fourth, and also very critical to us, NLC supports and urges the enactment of provisions which would authorize the Secretary of Transportation to make direct purchases of public transportation equipment.

I would like to echo what Mayor Murphy said. These provisions would add stability to the national public transportation system by allowing a Federal acquisition of equipment which could then be made available to local operators. In the case of new buses, the delay typically exceeds 1 year. And for small systems in small cities and a small number of buses, the delay of the paper work involved in separate bidding and ordering is unjustifiable and excessively costly.

Fifth, NLC endorses continued funding for important Amtrak commuter rail service under the existing financial arrangement.

Sixth, NLC—and this is also very important to us— endorses an increase in section 3 authorization for the current fiscal year. The existing section 3 program is simply inadequate to meet the public transportation needs which are growing and growing now. This is not a matter which can be appropriately deferred until next year and it is important to stimulate bus production immediately because of the very substantial lag times which are involved.

Finally, the National League of Cities urges the committee to work to clarify the application of section 504 of the Rehabilitation Act of 1973, to the UMTA program. The present status of the 504 program is unsatisfactory and unacceptable.

As the Congressional Budget Office has concluded, transit operations are being required to provide accessibility levels of often questionable usefulness at prohibitive cost.

We simply can't affort precious resources in such a vital program, or for that matter in any program.

In my community, we broker the extra time of vehicles already available for social service agencies and provide customized rider service for the elderly and handicapped. It is a more useful program and a less expensive program that would be mandated but does not qualify under 504 regulations.

We have to take another look at those regulations, laudable as their policy goal is.

In addition, we feel transportation system management and ridership programs must be given additional Federal support if we are to deal more effectively with liquid fuel problems. NLC urges incorporating rider sharing into the bill or the UMTA program this year.

In closing, Mr. Chairman and members of the subcommittee, I want to thank you again on behalf of the Nation's cities for your continuing support for an effective and efficient national transportation system.

Mr. HOWARD. Thank you.

Mr. OLIVER. Mr. Chairman and members of the committee, my name is William Oliver. I am a county commissioner from Metropolitan Dade County, Fla. I am also vice chairman of Naco Public Transportation subcommittee.

On behalf of the 3,104 county governments in this Nation, we welcome the opportunity to present our concerns and thoughts to this committee. We hope that you will give our testimony careful consideration, and that the 1980 Public Transportation Act will specifically address the issues we raise.

County government is important to millions of Americans and has been with us since the founding of the first counties in Virginia in 1634. Today, over 90 percent of the American population receive at least some local services from a county government. For 35 percent of Americans, their county government is their only local government. If we are to address the local governmental needs of this 35 percent of the American population, the only way in which it can be done is through our counties.

We sometimes tend to think of county government as a part of rural America, and often this is true. But many of our counties also deal with urban problems, and often these urban counties have all of the powers, responsibilities and problems of large cities.

My own county has a population of 1.6 million which is steadily growing. The central city of Miami with 400,000 people, is to a large degree, more closely related to the Metro-Dade government because Metro-Dade is a two tier government exercising all local transportation powers throughout the urbanized area. My county also serves a diverse population made up of 35 percent Hispanic, 16 percent black, and a large number of elderly retirees who depend on public transportation.

Metropolitan Dade County is in the process of building a major rapid transit system to serve our growing population and visitors to the metropolitan area.

Stage 1 of our system is 20½ miles of elevated rail. The system is budgeted at $867 million, and 77 percent of that Federal 23 percent non-Federal.

Dade County provides its share of local match to the progress of Dade bonds issue passed in 1972.

Scheduled completion of this project is July 1984, and directly related to the availability of sufficient Federal funding in 1980-81. To date, the bids received have been well under the projected budget. The budget figure, so far, is $260 million and the total bids on that is $225.8 million. This means we are able to maintain the schedule to bring the project under 13 percent under budget.

We also recently received a Federal commitment for a downtown people mover in Miami. The DPM at a total cost of $50 million will allow construction of a 1.9 mile loop around the heart of downtown Miami. This is a downtown distributor for rapid transit and it interfaces with the government center station. In October 1979, Dade County and the city of Miami submitted a DPM premium funding proposal to UMTA which offered an extra local share as an inducement to obtaining Federal financing. This two-thirds Federal, one-third local approach is the second time Metropolitan Dade County has offered such a proposal to UMTA to improve the county's public transportation system.

Over the past decade, many of our suburban and urban counties have become providers of public transportation services. A number of these urban counties, such as my own, directly own and operate major transit systems. Others are major financial sponsors of metropolitan transit authorities. An example of this kind of county leadership can be seen right here in the Washington metropolitan area, where the four surrounding metropolitan counties are contributing large amounts to the construction and operation of Metro. The committee should also know that many other counties are becoming involved in new transit services. The reason for this growth can be traced to the Nation's current energy shortage and price demands, as well as the need to provide all our citizens with suitable alternatives to the automobile.

From the counties' vantage point, we are committed to supporting policies which will respond to the public transit needs of our many urban and suburban jurisdictions. At the same time, we must develop cost-effective options for communities without transit services.

The Congress and the administration have agreed that there is a strong correlation between the price of oil, the price of gasoline, the demand for public transportation and the need for additional transit capital funds. Congress recently finalized the windfall profits package indicating that a portion of the revenues should be made available for public transportation. The National Association of Counties support the President's windfall profits tax initiative and even hosted President Carter's now famous speech regarding the energy "malaise" and the challenge to our country at our convention in July. The President also suggested that local governments could play an immediate role in reducing energy consumption by enforcing the speed limit and improving public transportation, with assistance from the windfall profits tax. Since that time, we have supported earmarking a minimum of 25 percent of the windfall profits tax, but the Congress did not provide for earmarking of a set percentage from the tax for public transportation.

Congress now is responding to meet the need created by $1.50 to $2 a gallon cost of gasoline. Mr. Chairman, we appreciate your quick and timely response by introducing H. R. 6417, which will authorize the first increments of much needed capital transit funding from the windfall profits tax.

This committee's proposed capital assistance authorizations will not only set the stage for a more orderly and planned expansion of local transit systems, but will also provide assistance to complete many new rail systems such as that of my own community. Moreover, we believe that H.R. 6417 authorizations for new starts, extensions and downtown people movers will provide a clear signal to many local governments to proceed with plans to build these much needed systems.

We do suggest that a separate authorization for new starts be created as part of section 3. This, we believe, would be one way to identify uses of windfall profits tax funds and insure that funds for new starts, extensions, and downtown people mover projects will be available over the period of this legislation.

We also suggest that a rail modernization program be established, based on a survey of needs. The creation of this important new element in the section 3 program would provide funding not only to arrest our Nation's deteriorating rail systems but to clarify program support for competing bus and bus facilities projects.

Secretary Goldschmidt's proposal to purchase the buses through normal grant procedures we think is a very important factor and would help the lengthy waiting time we now see in obtaining buses for local systems.

Closely related to our pressing capital equipment requirements is the need for increased, dependable and equitable Federal operating assistance.

We applaud congressional efforts to increase the operating assistance provided for in section 5 in response to spiralling inflation and increased transit ridership.

However, we feel that section 5 amounts will not keep up with spiralling costs. Presently, local property taxes, revenues from State contributions and passenger fares satisfy approximately 82 percent of national transit operating costs. Over the next 5 years, it is estimated that it will take approximately $11 billion in Federal operating assistance to keep up with costs and expand services.

Over the past several years, the National Association of Counties has worked with the Congress to secure increased Federal operating assistance. For example, during debate on the Surface Transportation Assistance Act of 1978, we supported the formulation of what is known as the tier II program, which more equitably distributes Federal assistance to our largest transit systems. We also strongly supported the creation of the small urban and rural section 18 program because we saw the need to channel Federal transit assistance to areas below 50,000, which up until 1978 had not received any Federal transit support.

As you know, the administration has proposed a major revision in the current section 5—tiers I and II—operating assistance formula. We have met with the administration concerning this proposal and are presently reviewing the impact of this change on counties. We are also exploring the potential benefits of a total service factor section 5 formula. Under such an arrangement, we believe it may be possible to strengthen our existing Federal-State-local partnership by allowing the total Federal share to approach 25 percent of costs by 1985. This we feel may particularly benefit the largest transit systems who are carrying the largest number of riders and at the same time, prevent financial impacts on smaller communities.

In Dade County, we support the proposed revisions to section 5 funding. We believe the incentive approach utilized in the administration's proposal, plus the criteria for allocation of dollars in tiers I, II, III, and IV are substantially improved over existing criteria. Dade County has always assumed local responsibility for the level of transit services it delivers. We are committed to both improving and expanding the quality of transit service. Increased tier III and IV funding is a positive step. Bus revenue vehicle miles is an appropriate factor to be used in the new funding formula. The administration's incentive formula grant program beginning in fiscal year 1983 will encourage increased transit ridership and a stronger revenue base. From Dade County perspective, both items are needed to keep transit systems operating in a fiscally responsive manner.

Mr. Chairman, and members of the committee, it is clear that new public transportation legislation is needed during this session of Congress. We must move swiftly to assure a responsive and effective urban mass transportation program. Later this month, counties from across the country will meet to continue review of all transit proposals. By virtue of this hearing together with the administration's and Senate's proposals, we believe we are making good progress toward new transit legislation this year.

Mr. Chairman, the National Association of Counties appreciates the opportunity to be with you today and discuss our views. We would be pleased to answer any questions you or other members of the committee may have.

Mr. Howard. Thank you very much.

Thank all of you, gentlemen, for your statements.

Mr. Murphy, you mentioned—we have been interested in the increased use of public transportation even though there has not been a great increase in facilities yet. We are still moving toward that. We know that in the 1973–74 gas shortage time that there was a marked increase in public transportation. And then as soon as the crisis was over, the public transportation use went down.

However, since last spring and summer, we notice that although during that shortage period there was again an increased use in public transportation, that when it was over, there was not nearly as much of a downturn.

Now, we find steadily increasing use.

I am wondering, in your viewpoint, if you have any idea whether or not this hopeful sign is either an effect of the price of gasoline or perhaps beyond that, a beginning of realization by the people that we all have to do something to help conserve petroleum and face the energy situation?

What would your guess be, say, in Tucson? Why is it going up?

Mr. MURPHY. I would guess a combination of two reasons, which you have just mentioned, Congressman.

There is no question that energy costs and transit demand are inexorably linked together. The downturn following the 1973 shortage of availability which you refer to was not very much of a downturn in our community. Our community's problems are compounded by the fact that the gross population is increasing at the rate of about 4 percent a year. So, we have more riders all the time and the gasoline costs are going up.

And as the availability decreases and as we understand as a Nation that we have got to conserve energy on national basis, more and more people who would be otherwise using private vehicles and can afford the private vehicles economically are voluntarily turning to the public transportation system.

So, we in the cities of this Nation are faced with how do we retain the present level of service we are providing, let alone increase that level of service to meet what we know will be an increased demand based on availability and increased gasoline costs, as well as population increase.

Mr. HOWARD. We found also if we could get people to use the public transportation systems, the efficient ones—in the Washington area, there has been an increase due to a situation for a short time. The people were forced to use it and continue to use it for neither of those two reasons. Not particularly because they were cognizant of the energy problem or the price of gasoline, but found they liked it and fewer hassles in finding parking and things like that, where we had always considered the independence with the automobile out front to leave when you wanted, they find that it is more enjoyable to take public transportation.

That could also be a factor if there was a way to get everyone to try it for a few days.

Mr. MURPHY. Our city increased the bus fares by 40 percent—

Mr. HOWARD. From what to what?

Mr. MURPHY. Thirty-five to fifty cents.

We anticipate a modest dropoff in rate of ridership as a result of that modest increase. However, we project out over the balance of this calendar year that we will probably be 30 percent over what we were last year, total. Even with that kind of rate increase—and I used that as an example, Mr. Chairman, to try to indicate that to my best judgment the cities and the counties of this Nation are doing their very level best to meet their end of their obligation and responsibility in terms of the partnership which I described before.

Mr. OLIVER. I think there are two things that we have to really keep in mind.

One is the change in the behavioral patterns of American people is going to be a difficult thing to do, and probably the price increase in gasoline is the one thing that will force them out of their automobiles onto public transit.

Once they have tried public transportation, assuming it is an efficient system—we, in Dade County at the present time, don't have an efficient system, but even with the utilization of our current bus system, the increases up are unbelievable.

We are having trouble keeping the buses on the street because of maintenance problems because of the heavy utilization.

The other thing that I would like to impress on the committee, that in areas such as Dade County where we are building fixed rail systems, the need to get those in place and the opportunity to have land use development patterns around the systems that build in the use of public transportation in the building of our community is also an essential factor.

And, therefore, the capital outlay for those kinds of systems is extremely important.

Mr. **Howard**. I guess all of you referred to the possibility of both local purchase or Federal purchase of buses in bulk purchase or Federal purchase of buses to streamline the whole operation. It was brought out, there are 46 separate options for a backdoor for a bus.

I am sure if we had 46 cities or counties purchasing them, we would have one for each.

Another point that was brought out is our concern over the fact that so much of our transit equipment is being purchased overseas. And, of course, we do have a mild buy American provision. But, of course, one of the waivers in that happens to be the availability as well as the price.

In speaking with the Secretary of Transportation this morning, it was his thought that if we were able to order in larger amounts than we do now this may put some of the foreign construction people in a position a little bit weaker than they are now, or make it possible to have more buses built in the United States, either by their own companies or ours, in order to meet these orders.

There may be a dual benefit from this consideration.

We certainly in the committee are thinking about that.

One last thing, before I yield to someone else, has to do with the administration feeling we ought to go to a 25-percent cap on the operating subsidy, which may be more than enough for some areas, but not adequate for others. I wonder if you think perhaps a maintenance of effort, meaning not less than an average of the 2 prior years total Federal effort, might be a better way to go around it?

Mr. **Oliver**. It might be an alternative.

I think a lot of areas, if you get up to 25 percent it would be a big help over what they have now.

I would like to address the issue of purchase of buses by the Department of Transportation.

One of the problems local government struggles with constantly is the competitive bid process we must go through whether we are dealing with UMTA or someone else. I think it would do two things. The proposal would eliminate that problem with the local government and certainly would give us the ability to have local or manufacturers in this country making long-term commitments to plant utilization of building buses, knowing they had a sale for the buses at the end of the road and not have to compete with other people, you know, 2 or 3 years down the road, where they have a problem of whether or not they are going to be able to continue to build those buses.

I think that is one of the problems.

Mr. **Howard**. Thank you.

The gentleman from Pennsylvania, Mr. Edgar.

Mr. **Edgar**. Thank you, Mr. Chairman.

I want to apologize for being late, and thank all of you for your statements.

I am particularly interested in several points you made in your testimony, Mr. Slapin.

You mentioned in your testimony, I think, a really important point and I wonder if you might amplify on it briefly. That is the issue that at the same time we are balancing budgets and the Ways and Means Committee through the conferees, unfortunately took away that trust fund targeted for public transit, we have the basic needs at the front end of the 1980's to gear up in a massive way to carry the riders that have been brought to the system by the dual problem of lines at gas stations and the increased cost of gasoline. And you mentioned that front loading of the dollars now will mean a great deal in terms of increased availability of service through the 1980's.

I wonder if you might say another word or two about what that impact will be on transit systems?

Mr. **Slapin**. Mr. Congressman, when the crisis hits, it hits quickly. The ability of systems to expand cannot be done quickly, because established systems and new systems, both, are straining the capacity of their equipment and with lag times which exceed a year after approval of grants, and the grant approval process takes a good deal of time, we have no hope—we have no hope of coping quickly with the emergency conditions as they occur unless we have properly prepared in advance.

While everyone supports the need to trim public spending, I think it is important to know that those programs which helped to combat inflation and conserve petroleum are not programs which should be sacrificed, because the sacrifice of those programs is counterproductive when we are trying to cut inflation.

And, accordingly, the National League of Cities has suggested to the Congress and the administration some priorities so that the budget, when it is trimmed, be trimmed not in an across-the-board manner.

It is hoped that is selective and stresses the policy considerations which coordinate with the overall goals and coordinate with the basic underlying reasons for the inflation which we suffer.

The front loading is, of course, very important, because it would have a number of effects not only structural in the industry and not only in terms of our capacity to meet demand, but if our idea is to make ourselves a more rational society, if you will, during the decade, we have to have the capacity up front to begin to build at the beginning so that at the end of the decade we will have achieved the goal.

Mr. **Edgar**. Mr. Oliver, you have a relatively new system coming on line in terms of your new transportation efforts, and you also have the downtown people mover on line.

And in a time of budget cutting and balancing budgets and targeted priorities, are there any particular priorities that you would set, given your total needs. Would you be willing to see operation and modernization funding and basic completion of your downtown system and maybe a slower movement toward your people mover, or do you have other priorities you think are more important?

Mr. **Oliver.** I think that, you know, certainly we need to continue to have some assistance in funding the improvement of our bus system while we are building the rail system. I think it would be a tragic mistake to say in order to completely fund your rail system, we have to delay the people mover, because what you have in Dade County and downtown Miami is that system, when it comes on line, will be bringing people into the downtown area.

And without the people mover system, an effective utilization of getting those people around town just won't be available.

I think we have the opportunity here to see and the opportunity in the country to see a people mover that integrated with a rail system coming on line to distribute those people around town all at the same time.

Mr. **Edgar.** I am not criticizing or making a judgment on whether or not the people mover is a good idea or a bad idea for your particular system. I am simply saying, if you thought you were going to have an extra billion dollars to spend nationally out of the windfall profits tax and it turns out you only have $600 million to spend, there may be pieces of the system which suffer.

For example, it may not be wise to give commitments for new starts when we haven't finished Miami, Atlanta, Buffalo, the modernization of the existing systems throughout the country, and the completion of existing commitments, which are fairly high priorities. The only point I am making is if we had to begin to look at areas of cutting or deferral, we may need some assistance from communities like yours of saying if I have $100 million or $50 million, and I am not going to get anymore, where would I target it?

And these are tough choices.

I want to commend you on your comments about ride-sharing and van pooling in your testimony. It seems that ride sharing is an important way to supplement the basic transportation systems you have. I was intrigued by the Philadelphia Inquirer yesterday, where Gulf Oil took out a full page picture ad on van pooling praising it. I think that is a sign that even some of the major oil companies recognize we are moving into an era where there will be less gasoline and more need for ride sharing, paratransit, regular fixed rail and buses and other creative public transit systems.

Mr. **Oliver.** I would like to say one thing: It seems to me that one of the things we ought to be trying to get across to Congress and the administration is that the transportation problems of fuel shortage, oil shortage, particularly in this country, really aren't going to get any better shortly.

And the one place we could really make an impact on it is in the transportation area. I just wish that every Congressman, you know, would think about that when they are looking at the windfall profits tax which comes from oil, that we ought to be utilizing the major portion of that and have the greatest impact on solving the oil problem. And in my opinion, no place can it be used like it can be used in transportation.

Mr. **Edgar.** You are preaching to the choir. [Laughter.]

Mr. **Howard.** The gentleman from Minnesota.

Mr. **Stangeland.** Thank you, Mr. Chairman.

Mr. Murphy, I was interested in your comment about your experiences in Tucson in meeting transportation needs of the handicapped population.

Your statement that Tucson is hampered by section 504 is consistent with recent findings of this committee.

Do you think the time is appropriate for Congress to allow local options? Do you have an indication that the Department will be more reasonable with their regulation?

Mr. MURPHY. We have no indication. And the answer to your question is absolutely. DOT told us they feel, based on their interpretation of the existing law, that their hands are tied, that they cannot even grant waivers. So we feel that it is important that Congress give the local option an opportunity to work.

We are spending this year—we have upgraded our special needs for transportation services in our community—we are spending in excess of a million dollars on that service. It will cost us between $1½ and $3 million to comply with section 504. We will have to ask for the extension of time to 1989, and at the time that our community under the existing law does come in compliance with section 504 as it presently exists, we will then have the local option of reducing these special transportation services which is a far better service than that presently mandated by 504. And it doesn't make sense.

Mr. STANGELAND. Can you give an indication of the savings by having a local option?

Mr. MURPHY. I can give you the $1½ to $3 million that will save my community.

Mr. STANGELAND. Is there a way to get figures for the Nation?

Mr. HOWARD. Any money you would have at all, you would save how much?

Mr. MURPHY. I am sorry, Congressman?

Mr. HOWARD. By saying having local option for service to the handicapped you would save $3 million. Does that mean all you spent now and then you would spend nothing?

Mr. MURPHY. Perhaps I was not clear.

We are presently spending in excess of $1 million annually to provide special needs transportation to our handicapped. This is a portal-to-portal on-call service that is available to all the handicapped of our community, with special fares for low income and elderly.

We have that service in place as a matter of practical reality. Obviously, the reduction in that service or the level of that service in our community will be very, very difficult to accomplish or would be difficult to accomplish based on the fact that it presently exists.

If mandated to 504, it will cost us $2 million to comply with 504.

So we have got $2 million to spend to comply with 504 and we are still providing the same level of special needs for transportation service over here as a practical reality, although the law under the section 504 following compliance would allow us to reduce the special needs transportation service.

I am suggesting that in communities that have already opted to provide that kind of sophisticated, higher level of special service to the handicapped, will find themselves being penalized financially.

Mr. **Oliver**. In Dade County' particularly, we have a special transportation service. If we utilize the dollars just to provide the lifts on the existing buses running our streets, once you have the lift on the bus and add that to the existing special transportation program, which is door-to-door pickup, we could much better serve the handicapped.

I think we need the option. Let us do it in the most effective way. And I think it will take congressional action to bring that about.

Mr. **Howard**. I really don't feel that we have a satisfactory answer at all at this time. What the answer is, I am not sure, but we would like to remember for almost 10 years there was local option. There was no mandate for taking away the money. And in many, many communities, even large ones, that local option meant doing nothing or having a phone-in system, you know, where you had to phone in 3 days before to be able to get the ride.

And I just want to let you know, it is still being talked about and worked at and it is not satisfactory the way it is, but we are trying to find that balance. If you want to just think of dollars, you know, you can do very, very little. If you want to think only of total accessibility then you are running into such astronomical figures. The elderly might be very well satisfied with a separate system, or a van system, or phone system out of the realm of the county, but we have an awful lot of handicapped who are very able younger people like Vietnam veterans who want to be in the community flow as much as possible.

It is not an easy thing.

I am sorry to take up so much time. We were forced into this because the locals didn't do it, and now I have no doubt we may have overdone it. We will be working with you to find the answer.

Mr. **Slapin**. Could I suggest, perhaps one solution is not simply to remove the equipment, but to provide flexibility within the equipment so that DOT could waive the provisions. Not simply provide local option of whether or not there will be an effort, but provide local option as a possibly approved alternative to the more strict requirements of the regulations. I daresay, in many communities, the handicapped would support that, particularly unless densely populated communities.

Mr. **Howard**. I'm informed that the Secretary has the power to waive. Maybe it is not being exercised.

Mr. **Edgar**. Would the gentleman yield?

Mr. **Howard**. I am taking most of the gentleman from Minnesota's time. I am sorry.

Mr. **Edgar**. If the gentleman would yield, I would like to commend the chairman on his comments. It is a very, very frustrating situation.

With no action, there may have been overaction. In certain cases, the Transbus may be the answer for mobility within cities, but cities have different trolleys, rail systems, and other systems, and while it may make some sense to have them fully accessible to the elderly and handicapped, the retrofitting is a problem.

One of the other things you said about bus production I think relates to on the elderly and handicapped problem. When the Transbus bids were put aside last year and no one bid on them, I think that caused some uncertainty in bus production and purchase. I think maybe one of the reasons why communities are not eager to go out and order new buses is because they don't know what their requirements will be 3 or 4 years down the line.

Mr. **Howard**. We will grant the gentleman additional time.

Mr. **Stangeland**. Is there any particular method that you are aware of that is now used throughout the country that would be a viable alternative to the 504 goals that local option could utilize?

I am confident that this committee and the Congress, if we were to relax or require DOT to allow local option, could require some kind of service that would have to be adequate or else you would be required to follow 504 goals.

But is there any system, even one or two systems, now working that would be a good local option and alternative to 504 goals?

Mr. **Murphy**. Yes, in the city of Tucson today, one that is providing a far higher level of sophisticated service to the elderly and low income that are also handicapped than would be mandated under 504. I think the comments that my colleague from the league made are the closest we can get to the problem in terms of addressing the chairman's concern, and that would be to create flexibility within the system, not to eliminate the mandate of the 504 in terms of goals and objectives, but to create flexibility in the system to allow the Secretary, based on certain criteria to give a waiver to the retrofitting.

Mr. **Slapin**. I believe the present regulations require for a waiver there to be special and unique conditions such as would make impossible a policy of general applicability, and that is the problem of waivers. We have general problems in most communities which would go toward the problem of advisability of waivers and most of us would be talking about some form of portal-to-portal responsive system.

We forget about a number of things when we talk about the issue in general terms. The handicapped do not consist exclusively of people who cannot use a bus. Many people's handicaps keep them from being able to drive, and for them adequate bus service provides mobility and freedom.

And we have found in our community many people handicapped and unable to drive use our general bus system without special features. We don't have wheelchair lifts. But before the regulations went into effect, the State of Connecticut for its bus system in the larger cities ordered 280 buses with wheelchair lifts. And apart from the very considerable cost of the equipment, the concern for the effect of having the wheelchair lifts and what it would do to operating times and operating costs after all the time it takes to use wheelchair lifts is considerable.

If used a lot, it slows down the buses, necessitating increased costs or decreased efficiency, obviously.

The experience in all these buses has been that very few people actually use them. And State officials at one point followed a bus around the city of Hartford in a densely populated neighborhood to find out who used the lift, and there was one person who regularly waited for the bus on a regular route for the wheelchair.

The driver got out and with the help of a passenger lifted the wheelchair on the bus because it was quicker and more efficient than using the lift.

Mr. STANGELAND. Do you have an indication of how many handicapped individuals now are being served with your door-to-door service in Tucson and with the 504 requirements service?

Mr. MURPHY. I am sorry, Congressman, I do not have those specific figures in front of me. They are available. I can make them available to the committee.

Mr. STANGELAND. I would like to have you provide for the record what local option could save nationwide over 504 requirements. It would be appreciated if you could provide that for the record.

I would like to ask one more question.

Mr. Oliver, your testimony recommended major increases in mass transportation funding, however, it is silent in regard to highway funding.

How much of a role do highways play in your mass transit network in Dade County?

Commissioner OLIVER. It is almost total. That is what the problem is. We for years have built highways and said public transportation is something you have to subsidize.

You take the highways away from the automobile and what are they? We think there certainly needs to be a continuation in maintaining the highway system.

It is an integral part of it.

But that is not the most efficient way to get around, and we think the emphasis really needs to be put on the public transportation system, and that the highway system needs to be maintained. And certainly there are those who are advocates of that that are not, I think, going to allow that to be destroyed. So I see my role as one of really zeroing in on the mode that I think isn't being met.

Mr. STANGELAND. You mentioned in your testimony the Tier I and II funding programs for urban and or rural areas.

I want to support mass transit because it is going to save energy where we need it. Yet, I come from a rural area and see my constituents in more sparsely populated areas paying a bill and not getting much service in return except that increased quantity of available energy.

I am wondering if you at the National Association of Counties have looked at any viable alternatives in transit for rural areas as well as for the urban areas?

Mr. OLIVER. Yes.

The association continues to look at that. In that vein, probably we have the most difficult time of coming up with a unified position with other local governments. Because we are on the one hand with counties like metropolitan Dade County with problems that are similar to other large cities, and we represent an awful lot of rural areas in the National Association of Counties.

And there is some disparity between the problem that really makes effective what the metropolitan areas need, and do not fully serve the rural areas.

That is the problem we are still struggling with.

Mr. STANGELAND. I would just like to make one comment.

It seems to me that if our President is really serious about energy conservation by urging a 10 cents a gallon gas tax and that his goal is to conserve energy rather than to raise money to balance the budget, it would seem to me that ten cents ought to be allocated to transportation needs and hit them twice.

Thank you, Mr. Chairman.

Mr. Howard. I would like to say in passing, we should mention the fact that 70 percent of all public transportation rides are on buses today, and in the future it seems as though the increase in public transportation is going to be toward bus use, that we don't want to consider the highway system of the United States not very important, because I think it is important to mass transportation.

The gentleman from Illinois.

Mr. Fary. Thank you, Mr. Chairman.

You mentioned in Tucson the majority of handicapped citizens of Tucson agree that door-to-door transit is superior to lifts.

To what degree have handicapped persons nationwide expressed their desire for door-to-door transit and local options as opposed to the full access to existing facilities?

Mr. Murphy. I can't give you a specific statistic, Congressman. I can state, certainly there is a diversity of opinion among the handicapped community regarding the effectiveness and viability of one system over the other.

I meant to indicate by my testimony that the people in my county previously served by the special needs transportation find it to be a pretty effective means of transportation. Obviously, there are some drawbacks, such as time delays and things of that nature. Obviously, there are many in our community who would take advantage of the public transit system accessibility if, in fact, we had it and therefore would reduce the special needs for transportation requirements.

But, again, if I may go back to the point, it seems to me what we are asking for this committee's leadership and consideration on is some flexibility. Perhaps a combination of accessibility to the mainline public transportation system, but perhaps not 50 percent.

If, in fact, examples of nonuse are prevalent throughout the country, then perhaps the percentages of the major public transportation system which would be committed to accessibility should be reduced from 50 percent to 10 or 15 or 20 or 25 percent, given a mixed ratio of service availability through special needs transportation services, such as our community provides.

Under the 504 as it exists today, sir, we have no flexibility whatsoever, and the Department of Transportation advises us that they don't have the ability to give waivers. So we are between a rock and a hard place with nowhere to go other than to ask Congress for its help.

Mr. Fary. Mr. Murphy, you mentioned the Conference of Mayors is in favor of a formula based solely on vehicle miles. Is there any statistic available which will encourage both the vehicle miles and ridership?

Mr. Murphy. We think the vehicle miles would be a more effective statistic. It is readily available, it is subject to easy audit, it is a figure which, in fact, reflects and represents levels of ridership which can show in a relatively short period of time increase or decreases therein, and we think would be a more effective and more reasonable formula methodology than solely on population.

Solely on population doesn't really translate necessarily into either needs or usage. It may in some instances, but not necessarily.

Mr. **Fary**. Thank you very much, Mr. Murphy.

I yield back my time.

Mr. **Howard**. Thank you.

Thank all of you. We certainly appreciate your testimony.

Mr. **Murphy**. We very much appreciate the opportunity to be here.

Mr. **Howard**. The next witness before the subcommittee is Mr. John Kramer, Secretary, Illinois Department of Transportation, representing the National Governors' Association.

Welcome to the subcommittee.

We do have a copy of your statement.

Without objection, it will be made a part of the record at this point.

[The statement follows:]

JOHN D. KRAMER, SECRETARY
ILLINOIS DEPARTMENT OF TRANSPORTATION

CHAIRMAN, STAFF ADVISORY COUNCIL
NGA COMMITTEE ON TRANSPORTATION, COMMERCE & TECHNOLOGY

representing the
NATIONAL GOVERNORS' ASSOCIATION

Mr. Chairman and members of the subcommittee, I am John D. Kramer, Secretary of the Illinois Department of Transportation and Chairman of the Staff Advisory Council for the National Governors' Association (NGA) Committee on Transportation, Commerce & Technology, a committee which is chaired by Governor James R. Thompson. I am appearing today on behalf of the Committee and the National Governors' Association to provide you with the Association's views on public transportation and energy-related transportation issues, with specific focus on proposed uses of Windfall Profits Tax revenues.

Public mass transportation is an increasingly valuable tool in the national effort to conserve energy and reduce costly dependence on foreign oil. The nation's Governors strongly support an assured source of federal funding -- in combination with the substantial state and local financing currently provided -- and commend you, Mr. Chairman, for your steadfast efforts to secure financial stability for public transportation programs. Your bill, H.R. 6417, recognizes that inadequate federal funding for needed transit projects is in itself inflationary -- deferring construction and equipment purchases while costs rise and failing to provide a satisfactory alternative to increased gasoline consumption by the private automobile.

Mr. Chairman, the National Governors' Association strongly supports the use of revenues from the oil Windfall Profits Tax for a number of energy-related programs and specifically calls for them to be directed toward "energy-conserving transportation programs, including public transportation and coal transportation."

The Governors feel that early authorization of expanded transportation and energy programs is desirable to prevent further delay in responding to these priority needs.

Anticipating the enactment of legislation authorizing the Windfall Profits Tax, the NGA's Transportation Committee considered and developed a series of proposals to contribute to energy conservation and the viability of our transportation systems in the context of diminishing fuel supplies. I would like to share with you some of these suggestions, many of which, you will note, are addressed in the legislation you are considering today and, indeed, originated in this subcommittee.

1. Supplemental assistance for public transportation under existing programs.
2. Block grants to the states for energy-conserving transportation projects.
3. Supplemental funding for Interstate transfer projects.
4. Program of funding for energy-impacted roads and rail/highway crossings.
5. Program of funding for auto-use/transportation system management projects.
6. Funding for high speed rail passenger corridors.

I would now like to briefly explain the necessity for each of these programs:

1. Supplemental assistance for public transportation under existing programs

During the past two years, public transit ridership has increased steadily nationwide at a rate of nearly seven percent yearly. As fuel supplies dwindle and the cost of automobile operation skyrockets, more and more people will look to mass transit to meet their transportation needs. We have an obligation to meet these needs and provide energy-efficient alternatives to the automobile. Yet, unfortunately, there is already a deficiency in transit capacity to meet projected ridership without considering the impact of future energy emergencies. Therefore a portion of the proceeds from the Windfall Profits Tax should be used to supplement regular federal funding for public transportation. Included in this funding should be a recognition that new equipment and expanded systems increase costs to riders and local communities. The states are assuming greater responsibility for financing both capital and operating aid programs and are looking for a partnership with the federal government to help cover the rising cost of these needed services.

In addition, the Governors support a change in the Section 5 apportionment structure and appropriations levels that will assure greater equity in federal support by providing additional assistance to urbanized areas where operating assistance falls far short of the 50 percent ceiling on federal support for operating deficits. Transition to a service-related apportionment factor rather than a population factor may be a step towards more equitable funding.

2. Block grants to the states for energy-conserving transportation projects

It is vital that we preserve and improve the existing transportation network, which is this nation's largest capital investment. In addition, as our highway system crumbles, we waste vast amounts of fuel. In 1978, it was estimated that 687.5 million gallons of fuel were wasted due to badly worn roads in Illinois alone. Unfortunately, the states are fighting a losing battle against deterioration of the system. One by-product of increased energy conservation, which has been quite successful in Illinois, has been a drop in state motor fuel tax revenues, a major source of funding for state transportation programs. Caught in a squeeze between diminishing revenues and spiralling construction costs, states are falling behind in maintenance and preservation of the system, as well as being unable to make improvements that would facilitate energy conservation. In addition, the new oil import duties, which will be felt by consumers as early as mid-May, could pre-empt state attempts to increase state highway user taxes. Unless a portion of the revenues from the Windfall Profits Tax or new oil import fees is turned back to the states for energy conserving transportation projects, our vast transportation system will be in jeopardy and both energy conservation and the national economy may suffer.

On the national level, the Highway Trust Fund is in much the same position. As fuel conservation gradually reduces the source of revenues for the Trust Fund, potential replacement revenues, such as portions of the oil import fee, should be considered.

3. Supplemental funding for Interstate projects

The Interstate transfer program permits states/cities to jointly withdraw planned urban Interstate segments which they deem no longer necessary and to use the funding earmarked for the withdrawn route to finance substitute transit and highway improvements. This program has the dual effect of providing for badly needed energy conserving transportation projects as well as speeding completion of the most essential links in the Interstate system. At the current time, there are over $5 billion in unfunded Interstate transfer substitute projects nationwide. That amount is expected to grow to between $7 and $11 billion by 1983, the deadline for effecting Interstate transfers. Federal law requires all substitute projects to be under contract for construction by the end of Fiscal Year 1986. Meeting that deadline will take an average of between $1 and $1.6 billion per year in federal appropriations, a figure far in excess of the $700 million currently appropriated for this purpose. To ensure that substitute projects can be completed within Congressionally-mandated deadlines and to prevent inflation from boosting already high construction costs, a portion of the Windfall Profits Tax revenues should be used to supplement Interstate transfer appropriations.

4. Program of funding for energy-impacted roads and rail/highway crossings

The Governors are concerned that a major national effort to utilize more fully our abundant domestic energy resources, such as coal, increasingly will be hampered by overburdened and rapidly deteriorating energy transportation facilities and services. The growing volume of coal carried on this nation's highways is causing serious deterioration of coal haul roads and communities are suffering the affect of an increasing number of coal unit trains tying up their rail/highway crossings. We believe the program to be funded from Windfall Profit Tax revenues which you have proposed in H.R. 6417 represents a significant step toward meeting the nation's energy transportation needs,and we strongly support the establishment of such a program.

5. Program of funding for auto-use/transportation systems management projects

Important features of congressional and administration proposals are projects to reduce traffic congestion and facilitate traffic flow, to increase vehicle occupancy, to expand automobile alternatives, to measure compliance with 55 MPH, to promote fuel economy measures and to provide for transportation contingency planning. Better auto-use management has great potential for significant reduction of gasoline, and we believe it is appropriate that some portion of Windfall Profits Tax monies be used to encourage these fuel conserving practices.

6. Funding for high speed rail passenger corridors

The nation's Governors have pledged to work to ensure the adequacy of funding for the Northeast Corridor improvement project and for the early development of other potential high-speed rail corridor projects. Thirteen rail passenger corridors throughout the nation have been identified as having high potential for increased ridership, energy savings and cost effectiveness and the NGA's Transportation Committee has strongly endorsed the use of Windfall Profits Tax revenues to begin the development of corridors between major metropolitan centers where markets, ridership and energy conservations justify investment.

In summary, both Illinois and the National Governors' Association endorse using WPT revenues for transportation purposes. I am confident that the Windfall Profits Tax monies can contribute to the long term management of our energy problems while also serving both long and near-term needs of our vital transportation system.

Thank you for granting me the opportunity to testify on this most crucial issue.

Mr. HOWARD. Proceed as you wish.

TESTIMONY OF JOHN KRAMER, SECRETARY, ILLINOIS DEPARTMENT OF TRANSPORTATION, REPRESENTING THE NATIONAL GOVERNORS' ASSOCIATION

Mr. KRAMER. Mr. Chairman, I would like to briefly summarize my testimony on behalf of the National Governors' Association, and to devote the remainder of my time before you to a dialog on how the States can assist this committee in developing a national transportation program that will support our energy objectives.

The States stand prepared to do their part. The State commitment to public transportation has been increasing steadily. The States now are the major source of the local share on capital grants and a very growing source of the funding for the local share on operating assistance. It is our view that the leadership that this committee has demonstrated in the area, as evidenced in H.R. 6417, provides the kind of vehicle which will enable the States to employ their role with the Federal Government in developing a sound national public transportation policy.

The Governors believe as you do, that a substantial portion of the windfall profits tax revenue should be appropriately earmarked for public transportation.

Our view stems from two basic presumptions. The first is that most of the revenue derived from the decontrol of oil and hence the most of the revenue being collected by the windfall profits tax itself, is in fact attributable to transportation. It also stems from the fact that half of our petroleum consumption is related to transportation, and consequently the opportunity for the greatest savings are in the transportation sector.

We believe, based on those two premises, that the following kind of program will serve the goal of assuring that those people paying the tax receive equity, and secondly, that the Federal and State Governments which have an overriding interest in conserving scarce energy can best achieve this goal through the following six part program.

We would recommend that the levels of assistance under the existing section 3 and 5 programs be expanded as is called for in your legislation. We are prepared to match the increases in Federal aid called for in that legislation with comparable increases in State assistance, notwithstanding the budgetary pressures under which all of us at the State level find ourselves.

The second point in our recommendation deals with the need to account for the revenue reductions in transportation that the windfall profit tax bill will produce, both at the Federal level, and at the State level.

In that regard, Mr. Chairman, I would like to associate myself with your remarks on the need for adequate funding for the highway program.

Even in our State, which is a very rail oriented State, well over half the ridership is by bus and must rely on an effective functioning transportation network including a highway system.

In addition, no matter what we do in the area of public transportation, and we are prepared to do a good deal, a very large segment of the population is going to rely on adequately funded highways for their automobiles.

We estimate in our State, alone, that the poor condition of the highway system annually represents a waste of about 680 million gallons of fuel per year.

We see that situation only getting worse as levels of Federal aid are reduced, because income into the highway trust fund is being reduced due to diminished gasoline consumption. And the State revenues from State gasoline taxes have similarly declined. This pattern, we believe, will become more serious over the summer, as the full impact of the oil import duties are felt at the gas pumps in May and as a national policy moves toward the imposition of a 10 cents a gallon gas tax.

We believe that the effect of that will further decrease existing revenue base and make it more difficult to increase State tax revenues to cope with the problem that is emerging. So we would recommend very strongly that a portion of the revenues earmarked for transportation, both under the windfall profits tax legislation and under any 10 cents a gallon Federal gasoline tax, be earmarked both to compensate the Federal highway trust fund for some of its revenue losses and to assist States in getting through this transition period.

Without some type of direct transitional aid to the States, Mr. Chairman, I am concerned that the number of States unable to match current levels of highway aid will grow to the point where instead of having 5 States in that position, we may have as many as 10 or 15 in 6 or 7 years time. And so we really do need some transitional assistance.

The third point that we believe to be absolutely essential, and is called for in both the administration legislation and I believe has been talked about at some length in this committee, is supplemental funding for the interstate transfer program.

That program has the twofold effect of providing badly needed energy transportation projects in our major metropolitan areas and speeding the completion of the interstate system.

Unfortunately, the current level of funding for that program has become drastically inadequate. Currently, there are over $5 billion in unfunded projects nationwide.

With the 1986 deadline established by the Surface Transportation Act, we believe that number would grow from $7 to $11 billion, which would call for a $1 to $1½ billion annual program.

We think that this sort of revenue is an appropriate place to make up that difference.

Fifth, we strongly support transportation systems management programs. We believe that there is considerable scope for real fuel savings in that area. The States are prepared to invest their own money and would like to join with the Federal Government in much stronger efforts in that area.

And finally, we support the House railroad bill passed a couple of weeks ago for getting started on some of our rail passenger corridors and believe that the windfall profits tax revenue may be a very promising source of revenue for getting that program off the ground.

Mr. Chairman, again, I appreciate the opportunity to appear before you. The States stand prepared to work with this committee to make energy efficiency transition programs a reality.

We support the general concept of H.R. 6417.

I believe that the six points I outlined, including the supplemental assistance to States for transitional aid to the highway trust fund, are essential ingredients for a strong energy efficient program.

Thank you very much.

Mr. Howard. Thank you, Mr. Kramer. We are very happy to have you here. I'm sorry that Governor Thompson cannot be with you.

What do you think about the discussion we had a little while before regarding a secure funding mechanism for public transportation and concern about the problems that we see coming with the highway trust fund, which were accelerated by a recent gasohol vote?

Should there be a 10-cents-a-gallon increase in gasoline due to the import tariff that the President by Executive order has put on being the basis for a total transportation trust fund, maybe excluding railroads, which we don't have jurisdiction over?

Mr. Kramer. Mr. Chairman, we strongly support a comprehensive transportation trust fund and endorse the use of energy conservation tax revenues for transportation purposes.

Mr. Howard. Talking about what is happening with the budget balancing, the budget, having to do with the revenue sharing part of the Federal program, do you know how many States or whether or not any significant number of States have been using revenue sharing either directly or indirectly as a basis for supplying the States' share for Federal transportation programs?

Mr. Kramer. Mr. Chairman, I will have to research that point and provide you further detail.

Mr. Howard. We would like to have that, because I hadn't thought of it until awhile ago, and someone mentioned that. That could have an effect on the transportation in a matter that is not related to transportation, just the general new budget that will be coming out.

[The following was received for the record:]

Mr. Kramer's Submission for the Record

The majority of states use General Revenue Sharing funds to combine with state aid for local services such as education, public safety and correction, health and hospital programs and for general purpose fiscal assistance to local governments. Of these, education receives the largest allocation of revenue sharing assistance.

Census data for 1978 show that states, cities and counties spent $850 million or 12.7 percent of their entitlements for highways. States spend about five percent of their revenue sharing entitlements for highways, a proportion that does not include

state funds transfered to local governments which are subsequently used for hi
way projects.

During 1979, a number of states expanded their use of revenue sharing
transportation purposes. Louisiana allocated its entire $44 million entitlement
the state Department of Transportation and Development to help offset the incr
ing cost of building and maintaining a good transportation system. Alabama e
marked $11 million, or one-third of its entitlement for the state highway progr
Rhode Island spent 7 percent of its $9.7 million for transportation programs. N
York State allotted $24 million in revenue sharing to transportation purposes. T
Commonwealth of Massachusetts earmarked its entire allocation of $72.5 million
capital construction and improvements. Arkansas uses all of its revenue shar
funds each year for state and local road programs; in 1979 this was $22.3 millio

Revenue sharing expenditures for highways, however, must be viewed in conju
tion with an accelerating trend in state highway finance, that of supplementi
traditional user-financed programs with general fund appropriations. General st
treasury funds for highway programs grew from $109 million (or 1 percent of to
highway funding) in 1968 to $828 million (or 4 percent of total highway funding)
1979.

Mr. **Kramer**. My impression is, while most States do not use t
State share of revenue sharing in the local match on highw
projects, many States would find adjusting to the absence of rev
nue sharing so difficult in their State budgets that the tradition
sources for highway funding would be turned to as a source
make up at least part of the difference in State funding due to t
removal of revenue sharing.

I think the effect would be indirect rather than direct in mo
cases.

Mr. **Howard**. It might be an effect?

Mr. **Kramer**. Yes.

The more important effect, though, is the diminishing source
State revenue for highway purposes from the traditional source

Taking Illinois as an example, in the last 9 months we hav
worked very hard to decrease gasoline consumption. Consumpti
has gone down 9 percent. In our case, that translates directly in
a $30 million revenue loss. We expect that that trend will accel
ate with the imposition of the oil import fees, and with cre
controls.

That is the underlying problem that we think needs to be a
dressed, and we would like to see some transitional aid to help
make the necessary adjustments.

Mr. **Howard**. From the State viewpoint, you know, we have h
an increase in ridesharing, carpooling, vanpooling. I know in m
own area, which is a commuter area, during the gasoline shorta
time last spring and summer, that many of my commuters did g
together and leased a van or bought a van, and found it superior
the kind of rail system we have for commuters and have be
using it since. But they do have a problem on insurance, and th
amount of insurance that has to be covered by that. The question
whether any incentives might be provided for this kind of
operation? And a lot of that might be a matter to go to the Sta
rather than the Federal.

I wonder if that has occurred in your State. They may think
trying to encourage vanpooling by doing something to ease the co
of the insurance?

Mr. **Kramer**. Yes, Mr. Chairman.

Our State and many others are in the process of enacting legisl
tion which would limit the liability that corporations and indivi

uals would incur as a result of operating either vanpools or carpools.

That seems to be the most effective way of dealing with the problem and to be a lower cost approach than a straight out subsidy for insurance.

Mr. **Howard.** I see.

Thank you very much.

The gentleman from Pennsylvania, Mr. Edgar.

Mr. **Edgar.** Thank you, Mr. Chairman.

I think I came in on the end of your discussions about vanpooling and ride sharing. We are going to hold some hearings next Monday on this issue and try to focus in on all the aspects of ride sharing and vanpooling.

I wondered if there is in your State a large amount of interest at the more local level—let's say, the city level—or in fact, among the business community, to learn more about the issue of vanpooling, carpooling?

Are there more requests coming to you as a Secretary of Transportation?

Mr. **Kramer.** Yes, there are, particularly in communities where there are a few very large employers who constitute the prime source of employment in the community. We find that the interest is growing. We are doing absolutely everything we can to stimulate it. And now that the weather is warming up a little bit in Illinois, we would cordially invite the committee to come out and look at some of the things we are doing.

Mr. **Edgar.** We had some investigations at the review hearings before the Public Works Committee here on emergency plans and emergency concerns with the increased usage of public transit and the increased uncertainty internationally of supply of fossil fuel oil and natural gas. And I raised some questions with the Secretary of Transportation and some people from the Department of Energy as to whether or not the United States was prepared for a 20-percent shortfall of fossil fuel oil if the problems in Iran were to spread to Saudi Arabia and the Middle East and were to become more inflamed than they are.

Are the States that you represent looking at contingency plans for mobility in cases of larger shortfalls than the 5- to 10-percent shortfall we had last June?

Mr. **Kramer.** Yes.

We have done a great deal of contingency planning. In the event that a 20-percent shortfall were to occur immediately, there is no way that even the very expensive transportation network that we have in Chicago and Illinois would handle those kinds of ridership increases.

We, therefore, would very much like to see the transit capital program as proposed in H.R. 6417 so that we will have that capacity by the mid-1980's.

In the short term, it would appear that the most promising avenues for enabling the transit system to absorb massive ridership increases is through things like extending the peak period for transit usage.

Larger scale efforts toward carpooling and vanpooling offer a great deal of promise. And, finally, and perhaps most importantly, getting more life out of the existing transit equipment.

We found, for example, for roughly a $50,000 investment in existing transit buses we could extend the life from 12 years to 20 years. Because we cannot get buses quickly enough to meet the growing demands, we are investing a good deal of our resoures in our existing equipment to get longer life out of it.

I think that is a pattern that has been started in Chicago, but will take hold in quite a number of other cities as well.

Mr. **Edgar**. I guess you are pleased that your namesake won so many academy awards this week? [Laughter.]

Mr. **Kramer**. Right.

Mr. **Edgar**. Mr. Chairman, I have no further questions.

Mr. **Howard**. The gentleman from Illinois.

Mr. **Fary**. Thank you, Mr. Chairman.

I welcome my good friend from our great State of Illinois, my good friend, Mr. Kramer.

It is nice to have you here.

Your input is very, very fine, informative, and comprehensive.

Just a couple of questions here so that your time is not wasted coming all the way down to Washington.

You mentioned States are fighting a losing battle with the deterioration of the system.

Could you give us an idea of how far behind Illinois is in meeting maintenance and preservation needs?

Mr. **Kramer**. Approximately 25 percent of the highway system in Illinois is substandard by any reasonable criteria. The reason for that is that we have an exceptionally old highway system. More than two-thirds of our roads and streets were built before World War II, with a result that a large number of them need immediate attention.

The current revenue sources available to us at both the Federal and the State level, are inadequate to even keep up with the number of roads that are currently wearing out, much less to cut into that backlog that has grown up over the last 10 or 15 years.

That general problem is emerging throughout the Nation and is indeed even more severe in some of the States to the east of us, where the level of State financing has not been nearly as large as has been in Illinois.

Mr. **Fary**. What are the States doing, and Illinois specifically, to implement transportation systems management programs?

How are we working with localities and with the Department of Transportation to implement these programs?

Mr. **Kramer**. The largest single thing that we are doing in Illinois is to improve our intersections. That is probably the most serious source of bottlenecks in urban transportation systems.

That is what's causing our principal arterial streets in Chicago, for example, to operate at far less than their capacity.

So, we have undertaken jointly with the city of Chicago and the communities of northeastern Illinois and the U.S. Department of Transportation a massive program to remove intersection bottlenecks in our existing arterial system so that it can function more effectively.

In addition, we are doing absolutely everything we can to improve access to the mass transit facilities to make it easier for people to use. We are promoting ride sharing and vanpooling programs and a host of other initiatives aimed at making existing systems more efficient.

Mr. **Fary**. I observe a lot of activity there.

Do you find the cost and availability of insurance a deterrent to the surge in the use of carpools, and what can be done about this?

Mr. **Kramer**. It has not emerged yet as a prime deterrent in our State. It has in several others, however. And it would appear that the most effective way for dealing with that issue is to carefully limit and constrain the degree of liability that carpool or vanpool providers incur as a result of offering that kind of service to their friends and neighbors and coworkers.

Mr. **Fary**. What has the 1978 Surface Transportation Act meant to Illinois so far as maintenance of its highways and energy conservation are concerned?

If there has been the substantial assistance in these areas, is there need for further legislation, and what would you recommend?

Mr. **Kramer**. The Surface Transportation Act was a great step forward. The first was in providing a greater level of emphasis on preserving and modernizing the existing system, and second, in increasing the levels of funding available to the States to do that.

We believe that the Surface Transportation Act provided a strong foundation upon which to build. We would turn to the strengths of that act and carry them further in the next round of legislation. We would place further emphasis on the bridge programs, which are so terribly important to our State, the primary programs and other programs aimed at the existing system.

In addition, we think it important to make sure that the interstate transfer program which was greatly assisted by that act be expanded and fully funded in the next act. We would like to see more funding for priority primary highways. We would very much like to see some transitional aid to State governments so that they can do their part in implementing that act.

Mr. **Fary**. You recommend block grants to the States for energy conserving transportation projects. Does that relate at all to congressional and administration proprosals for transportation systems management, or would this be in addition to those proposals?

Mr. **Kramer**. We believe that those proposals are best incorporated in a broader program aimed at providing flexible assistance to the State and to the local government, in not only implementing transportation systems management-type projects, but also giving the States some time to restructure their own revenues so that they can participate in the broader ongoing program.

And we would specifically recommend a program in which a portion of the windfall profit tax revenue would be earmarked for that purpose, with declining amounts available over the next 4 years to provide the States with transitional assistance so they can get their own house in order.

Mr. **Fary**. Thank you very much.

And I yield back my time, Mr. Chairman.

Mr. **Kramer**. Thank you, Congressman.

Mr. **Fary**. Once again, keep in touch.

Mr. HOWARD. The gentleman from Minnesota, Mr. Stangeland.

Mr. STANGELAND. I have no questions.

Mr. HOWARD. Thank you very much, Mr. Kramer.

Mr. KRAMER. Thank you very much, Mr. Chairman.

Mr. HOWARD. The final witnesses we have before the subcommittee this afternoon will be a panel consisting of William A. Bulley, president, American Association of State Highway and Transportation Officials; Mr. Eugene M. Johnson, chairman, American Road and Transportation Builders Highway Advisory Council.

Gentlemen, welcome to the subcommittee.

We do have copies of your prepared statements, which, without objection, will be made a part of the record, and please proceed as you wish.

[Statements referred to follow:]

STATEMENT BEFORE THE HOUSE COMMITTEE OF PUBLIC WORKS AND TRANSPORTATION SUBCOMMITTEE ON SURFACE TRANSPORTATION ON H.R.6417, PRESENTED BY WILLIAM A. BULLEY, PRESIDENT OF THE AMERICAN ASSOCIATION OF STATE HIGHWAY AND TRANSPORTATION OFFICIALS

April 16, 1980

Mr. Chairman and members of the Subcommittee, my name is William A. Bulley, Secretary of the Washington Department of Transportation. I am appearing before you today as President of the American Association of State Highway and Transportation Officials. I am accompanied by several members of our Policy and Executive Committees. I want to express our thanks for the opportunity of being here today to share with you our concerns regarding the States' ability to provide the services necessary to keep our transportation systems intact and our country mobile.

There are three issues which I would like to discuss with you today. They are the uses of the Windfall Profits Tax, the proposed reductions in the transportation programs in order to balance the FY 1981 budget, and the cash flow situation at the Federal Highway Administration for this fiscal year.

The Windfall Profits Tax which has recently been signed by President Carter would allocate fifteen percent of the revenues for transportation and energy conservation. We understand that this suggested allocation is not binding on the authorizing committees. AASHTO feels that this suggested allocation is grossly inadequate and would strongly urge the Congress to make a minimum of twenty-five percent of the total revenues derived from the Windfall Profits Tax available for transportation purposes. In that regard we would urge the creation of an adequately financed Mass Transportation Trust Fund or Account to be set up in the Treasury to be funded from the Windfall Profits Tax.

A major cause of the rapid increase in costs experienced in the transit field can be attributed to the lack of a national commitment toward achievable goals. As a result, we see a vehicle manufacturing industry confused by changing federal policies and an unhealthy competition for federal resources between rail and bus and other transit modes, between urban and rural areas and urban to urban. The present funding mechanism creates a situation where an area is unsute of the future federal commitment to transit.

An area contemplating a new major investment must then compete for funds which might otherwise go to preserving or expanding existing systems. Again, an assured source of predictable funding can bring the needed stability.

For routine capital projects, especially the replacement of old and worn out rolling stock, we would recommend that there be an annual block grant allocation to each State. This would simplify the grant procedure to accelerate the replacement process, and place transit agencies in the position of only having to compete for funding with other jurisdictions within their own State rather than on a nationwide basis presumably would reduce the number of alternate designs that bus manufacturers would be required to produce and achieve cost savings by such standardization. The rapidly escalating purchase price of buses must be brought under control.

Discretionary grants for major mass transit capital system improvements or new starts would continue to be administered by UMTA. Our public transportation vehicle production levels must be raised to adequately provide for necessary replacement and expansion needs.

The impacts of increased fuel costs and current accessibility requirement costs must be faced squarely if we are to avoid a steady decline in the condition of our public transportation systems.

In response to the energy shortage now confronting our Nation, and the need to reduce our dependence on foreign oil, and to reduce our balance of payments deficit, it is necessary that we achieve the greatest utilization of our existing transportation networks. The Nation's highways provide the backbone of our national transportation system. The highway system carries 85 percent of all passenger miles of travel, 21 percnet of intercity ton-miles of freight, and nearly 100 percent of urban goods movement. In performing this function, the highway system accounts for almost 44 percent of all petroleum consumed in this country. Thirty percent of this petroleum consumption is by automobiles, and the remaining 14 percent is by trucks and buses. The highway system's continued operation is closely linked to the availability of fuel. It must be borne in mind that there are areas in this country where there are no feasible alternatives to the private passenger car. It is also necessary to recognize highway facilities will provide the operating medium for public transportation systems in 95 percent of our urban areas. Federal programs should be flexible enough to permit financing of parking facilities in areas other than fringe lots, to provide exclusive or preferential bus lanes and bus stops. This should apply to programs administered by both Federal Highway Administration and Urban Mass Transportation Administration.

A majbr oil company has recently announced a revised process which will extract approximately thirty gallons of gasoline from a barrel of oil, instead of the traditional twenty gallons. If such a process is feasible and becomes utilized, it will be necessary for current users of middle distillates to resort to other sources of energy. This would be in line with the President's announced goal of increasing coal production and utilization but at the same time, cause difficulties with the existing transportation system in those areas which will be impacted by heavy movements of coal to market. This, then, becomes a combined energy and transportation issue and a portion of the Windfall Profits Tax should be made available to expedite the movement of these energy supplies to market without causing undue disruption to existing transportation systems. This may mean relocation of rail lines from urban areas, provision of grade separation strucutres, or construction of new highway facilities to avoid crossings of rail lines.

Governmental efforts to encourage increased use of car pools and van pools are directly related to energy conservation and could well be funded from the Windfall Profits Tax.

The market place will probably do more to encourage use of van pools and car pools than any direct Federal action, but governmental efforts should be geared toward public information campaigns and elimination of unnecessary institutional road blocks to the formation of car pools and van pools. A similar argument can be made for funding of bicycle facilities from the Windfall Profits Tax.

Similarly, enforcement of the 55 mph speed limit is clearly an energy related transportation activity and funding for such a program could also be included from the Windfall Profits Tax.

Mr. Chairman, I would now like to provide some specific comments on H.R.6417, which has been cosponsored by a number of the committee members.

We agree with the need to finish the basic interstate system and recognize the problems of doing that when inflation rates push each successive cost estimate higher than the one before. There is general support from the States for limiting the items which are to be included in future cost estimates. However, we do not feel it desirable to reduce the funding for the Interstate program in FY 1982.

We support the need for greater authorizations for the Primary and Secondary programs as envisioned in Section 103 and the Bridge Replacement program in Section 104. As we have already mentioned, identified 3R needs on the interstate system are of the $1.5 - $2.0 billion a year magnitude. If the program is converted to a 4R type program, needs will be of a higher magnitude. Combined interstate construction and 4R needs will be in the order of $6.5 - $7.0 billion per year.

There is a need to increase the authorization for the Emergency Relief program. Several States currently have projects held up by a lack of sufficient ER funds.

We have concern over the transportation system's management proposal. This would create a new category of funding and place it on a level of national importance equivalent to the interstate program. All of the items under this proposal are currently eligible items under other existing categories. The States are committed to energy conservation and will pursue those projects which will have high energy savings without the need for a separately funded program.

We would recommend rather that the following programs currently funded out of the Highway Trust Fund be funded out of those Windfall Profits Tax monies and an equivalent amount be used to increase funding for the Primary, Secondary, and Urban programs. All of these can be considered as energy related programs: 55 MPH Enforcement ($67.5M)[1]; RR Highway Crossings ($190M); Bicycle Programs ($10M); Car Pooling and Van Pooling ($10M) and Railroad Relocation Demonstrations ($60M).

While we support the Safer-Off-System program, we cannot support the funding of it out of the Highway Trust Fund. Revenues to the fund are decreasing and other needs are climbing at a very high rate. This program should continue to be funded out of the General Funds of the Treasury.

We encourage the adoption of advance appropriations authority for public transportation programs.

The set aside of a portion of Section 3 Funds for areas of under 200,000 population will help assure that these areas are considered, and is a good provision.

We would also like to point out that the proposal to fund Amtrak commuter trains under the UMTA program may cause some unnecessary problems in approving a final bill if sequential referral results. We would hope that the need to enact additional authorizing legislation to utilize Windfall Profits Tax Funds will be paramount.

Statistics can be cited to show the increased energy necessary to move vehicles over rough or deteriorated pavements, as opposed to a smooth surface. David Weir, Director of the Ohio Department of Transportation, recently stated that driving on poor pavements increases fuel consumption, auto maintenance and tire wear. Tests show that the average per-mile operating cost of 6.5 cents is increased to 8.8 cents per mile. That is 2.3 cents more per mile for every mile one drives on broken, potted or worn pavement. He has identified the cost to Ohio drivers of $250 million annually due to these conditions. By utilizing a portion of the Windfall Profits Tax for pavement resurfacing, significant fuel savings can be realized.

There is no question, Mr. Chairman, that our current energy situation is having an adverse impact on our ability to provide the transportation services needed today across this Nation of ours. For nearly two generations, the availability of gasoline at a cheap price, compared to today's price, made it possible for State and Federal tax revenues to keep abreast of the cost to build and maintain our Nation's highway system. As a result of the cheaper gasoline, vehicle miles traveled had been on a continuous upward climb. We could always look forward to the increased tax revenues due to the increased consumption of gasoline.

---

[1] 1980 authorization levels are shown in parenthesis.

Now, all of this has changed and the reduced consumption of fuel which is a national goal that AASHTO supports, is having a devastating effect on state programs.

Several factors are involved. Inflation, probably the biggest single factor, has brought about the doubling and in some instances, the tripling of the cost of work done and the services performed.

Another factor is the decline in the consumption of gasoline and, therefore, a reduction in revenues available for transportation purposes. This has been brought about by three major factors: First, the conservation programs that have been made necessary to reduce our dependence on foreign oil; second, the higher price of gasoline, and thirdly, the more fuel efficient automobile. There are some figures that show people are driving just as many miles, but are getting more miles per gallon..

The reduction in highway travel contributes materially to the financial problems of nearly every state, county, municipal and township jurisdiction as the majority are financed largely by gasoline and related highway dedicated taxes. -

Now on top of all this is the call to balance the budget! Here the transportation community is being hit and hit hard. The Administration is proposing to cut the highway program this fiscal year by $1.1 billion from approved levels and the transit program by $600 million from an earlier proposal utilizing Windfall Profits Tax revenues. The Senate Budget Committee has taken an even more disturbing action by cutting all new transit monies for both this fiscal year and next. This is being done at a time when the improvement and expansion of our Nation's public transportation system should be a national priority. At a time when this country is in the midst of an energy crisis which threatens both our economic well being and our ability to function independently and effectively, public transportation can provide us with an important means to conserve energy and thereby, contribute to the resolution of our problems.

However, Mr. Chairman, let me cite an example of what is happening today to the States as a result of the recent actions by the Federal Department of Transportation in withholding current highway obligational authority in their effort to control the outlays of highway program dollars in FY 1981.

Vermont has been working on the completion of the last segment of their Interstate to tie into Franconia Notch, New Hampshire over the past several years. They now find that they will not be able to let the project this fiscal year due to the allocating of obligations by States. To add to their problem is the fact that almost all of their permits expire this year. Therefore, before they can complete the project, it will be necessary for them to spend additional time and dollars to get new permits.

Another factor of vital concern to us is the need for a $1.4 billion supplemental of liquidating cas authorization for FHWA for this fiscal year. It is our understanding that unless FHWA gets this additional authorization, they will run out of cash to reimburse the States for work done by the contractors by June of this year. These monies are on hand in the Highway Trust Fund but FHWA needs authorization from Congress to release it for payment to the States. I want to emphasize that this dilemma affects current projects now under contract most critically, although it also will delay other projects which may be planned to advertise for bidding this Spring. Several States, including Arizona and Florida, have already postponed any further lettings for this year unless the cash flow problem is resolved. The granting of this supplemental request would in no way affect the balancing of the Federal Budget for FY 1981. On the other hand, if it is not included in FY 80, its addition to the outlays in FY 81 will jeopardize attempts to balance the FY 81 budget.

The States are in no financial condition to carry the Federal Government "on the cuff" until the end of the fiscal year. A copy of a survey completed by AASHTO yesterday is attached and shows these negative effects.

Mr. Chairman, we are not against reasonable actions that will help reduce inflation, but we do have some problem with the way certain parties are going about accomplishing this. We support the initiative to balance the Federal budget in order to bring inflation under control. Discipline and sacrifice within all sectors of the economy are necessary to achieve this difficult objective.

AASHTO strongly recommends that anticipated transportation budget deferrals be carefully managed. The authorization levels for Federal fund obligation within the major program categories must be retained. Transportation investments for these major programs yield the highest societal benefits and, therefore, should not be negatively affected. A recent telephone survey of AASHTO member States indicates that a vast majority of the State transportation agencies favor the deferral of minor categorical progdrams and the retention of major programs in order to achieve the budget reductions considered.

The need for federal transportation budget deferrals is acknowledged. State agencies are willing to exercise discipline and exhibit sacrifice; however, they strongly recommend that the budget cut decision reflect State priorities and needs.

In response to the President's proposal to add an import fee of $4.62 on a barrel of crude oil and then to translate that into a 10 cents a gallon gasoline tax and have none of those revenues go to transportation, we feel is a move in the wrong direction.

We ask that Congress carefully evaluate the negative impact of this proposal. It constitutes an unwarranted penalty upon the transportation community and hits the motorist in the pocket harder than any other segment of the economy and totally ignores the geographic and population density characteristics of rural states. The motorists are being called upon to pay a higher price for their gasoline that they use, but receive no benefits. This at a time when transportation revenues are in short supply and the need for funds is increasing daily. These revenues could be put to good use in being earmarked for a Public Transportation Account and for providing the tools necessary for a smooth and efficient highway system. This action will also set a precedent for funding general budgetary needs from the gasoline tax and makes it difficult to utilize additional user taxes for transportation needs.

Thank you Mr. Chairman. I would be happy to attempt to respond to any questions that you and the Committee may have.

AMERICAN ASSOCIATION OF STATE HIGHWAY AND TRANSPORTATION OFFICIALS
444 N. Capitol St., N. W., Suite 2??
Washington, D. C. 20001

SUBJECT: CASH FLOW QUESTIONNAIRE - RESULTS AS OF 4/23/80

CASH FLOW QUESTIONNAIRE (continued)

1. If FHWA becomes unable to reimburse your state for vouchers submitted to cover current contracts, can your state sustain the necessary cash flow to continue paying contractors until October 1, 1980?

2. If answer to Question 1 is yes, would it be handled by (1) anticipated cash balance of state funds? (2) Borrowing short term funds on the money market? (3) Other. Explain.

3. What are your estimated cash flow requirements (Federal funds only) for:

4. Are you currently deferring letting of contracts in anticipation that Federal funds may not be available for reimbursement?

	1. Yes	1. No	2. (1)	2. (2)	2. (3)		3. May (Millions)	June (Millions)	July (Millions)	August (Millions)	September (Millions)	Total (Millions)	4. Yes	No	(Millions) Total amount deferred	
ALABAMA		x					10.5	$ 15.9	$ 19.2	$ 17.6	$ 14.6	$ 81.5	x		$170.6	ALA.
ALASKA																ALAS.
ARIZONA		x					13.005	15.105	11.000	9.040	5.630	54.700	x		$ 57.0	ARIZ.
ARKANSAS		x					9.4	10.3	11.0	16.0	14.0	50.7	x			ARK.
CALIFORNIA																CALIF.
COLORADO																COLO.
CONN.	x			x	x	Reduction in short term investments. Borrowing would be in the area of 8-1/2-9-1/2%. Loss of investment income 10-13-1/2%.	7.0	7.0	6.5	7.0	7.5	35.0				CONN.
DELAWARE	x		x				3.1	3,061	4.335	.306	4.375	15.151		x		DELA.
FLORIDA		x					30.4	35.4	40.3	40.0	30.9	190.0	x		$100.0	FLA.
GEORGIA																GA.
HAWAII		x					4.0	4.0	5.0	5.0	5.2	23.7		x		HA.
IDAHO		x					4.0	4.0	5.0	5.5	5.0	24.0		x		ID.
ILLINOIS																ILL.
INDIANA																IND
IOWA		x					5.407	7.678	9.774	11.410	11.30	45.589		x	(Lettings reduced)	IA.
KANSAS		x					8.226	10.080	12.700	10.0	12.090	54.013				KS.
KENTUCKY	x		x				12.0	16.5	16.0	20.5	20.0	84.3		x		KY.
LOUISIANA		x					10.0	16.0	16.0	19.5	10.0	70.5		x		LA.
MAINE	x			x			3.0	5.7	5.1	6.9	4.5	26.0	x		$35.0	ME.
MARYLAND	x		x	x			12.000	35.01	21.5	29.101	24.036	124.000	x			MD.
MASS.	x				x	State law mandates that the Federal share of highway projects be appropriated by the legislature prior to advertisement.	22.0	12.1	3.3			38.3		x		MASS.
MICHIGAN		x					18.4	19.720	16.054	20.966	15.515	90.750	x		$150.0	MICH.

AMERICAN ASSOCIATION OF STATE HIGHWAY AND TRANSPORTATION OFFICIALS
444 N. Capitol St., N. W., Suite 225
Washington, D. C. 20001

SUBJECT: CASH FLOW QUESTIONNAIRE - RESULTS AS OF 4/15/80

1. If FHWA becomes unable to reimburse your state for vouchers submitted to cover current contracts, can your state sustain the necessary cash flow to continue paying contractors until October 1, 1980?

2. If answer to Question 1 is yes, would it be handled by (1) anticipated cash balance of state funds? (2) Borrowing short term funds on the money market? (3) Other. Explain.

	Yes	No	(1)	(2)	(3)	
MINNESOTA		x				
MISSISSIPPI		x				
MISSOURI		x				
MONTANA		x				
NEBRASKA		x				
NEVADA		x				
NEW HAMP.	x			x		
NEW JERS.	x				x	State would have to alter other payment schedules to compensate for non-reimbursement.
NEW MEX.						
NEW YORK		x				
N.C.	x		x	x		
N.D.		x				
OHIO						
OKLAHOMA		x				
OREGON		x				
PA.		x				
R.I.		x				
S.C.						
S.D.		x				
TENN.						
TEX.	x		x			
UTAH		x				
VERMONT						
VIRGINIA		x				
WASHINGTON		x				

CASH FLOW QUESTIONNAIRE (continued)

3. What are your estimated cash flow requirements (Federal funds only) for:

4. Are you currently deferring letting of contracts in anticipation that Federal funds may not be available for reimbursement?

May	June	July	August	September	Total	Yes	No	Total amount deferred	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]		x		MINN.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]		x		MISS.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]		x		MO.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]		x	will have problem in July	MONT.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	x		[illegible]	NEB.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]		x		NEV.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]		x		N.H.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]		x		N.J.
									N.M.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]		x		N.Y.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]		x		N.C.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]			Possibly	N.D.
									OHIO
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]		x		OKLA.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	x		[illegible]	ORE.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]		x		PA.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]		x		R.I.
									S.C.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]		x		S.D.
									TENN.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]		x		TEX.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]		x		UTAH
									VT.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	x		[illegible]	VA.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]		x		WASH.

AMERICAN ASSOCIATION OF STATE HIGHWAY AND TRANSPORTATION OFFICIALS
444 N. Capitol St., N. W., Suite 225
Washington, D. C. 20001

SUBJECT: CASH FLOW QUESTIONNAIRE - RESULTS AS OF 4/15/80

1. If FHWA became unable to reimburse your state for vouchers submitted to cover current contracts, can your state sustain the necessary cash flow to continue paying contractors until October 1, 1980?

2. If answer to Question 1 is yes, would it be handled by (1) anticipated cash balance of state funds? (2) Borrowing short term funds on the money market? (3) Other. Explain.

	Yes	No	(1)	(2)	(3)
WEST. VA.		x			
WISC.		x			
WYO.	x		x		
D.C.		x			

CASH FLOW QUESTIONNAIRE (continued)

3. What are your estimated cash flow requirements (Federal funds only) Thru:

4. Are you currently deferring letting of contracts in anticipation that Federal funds may not be available for reimbursement?

May	June	July	August	September	Total	Yes	No	Total amount deferred	
$11.4	$16.5	$21.0	$24.0	$26.0	$98.9	x		$72.0M	W.Va.
7.6	13.7	22.5	23.4	17.3	83.5		x		WISC
2.8	3.3	6.0	6.5	5.5	24.0		x		WYO.
.6	1.2	1.5	1.5	1.5	6.3		x		D.C.

STATEMENT OF THE AMERICAN ROAD AND TRANSPORTATION BUILDERS ASSOCIATION BY EUGENE M. JOHNSON

Mr. Chairman and Members of the Committee:

My name is Eugene M. Johnson and I am the chairman of the Highways Advisory Council of the American Road & Transportation Builders Association. ARTBA is a national association with headquarters in Washington, D.C. Our 5400 members include construction contractors, suppliers of materials and services, manufacturers and distributors of construction equipment, planning and design firms, public officials at all levels of government, educators and students.

ARTBA is concerned with the development of all modes of transportation. Surface transportation is a matter of particular concern to us, and we fully support the comprehensive approach taken in H.R. 6417. In fact, the discussion of the provisions of this bill was a major topic at our recent national convention in San Diego, California. Public transit and highways are closely interrelated. Efficient public transit is dependent on the road and street system not only to carry transit vehicles but also to provide the feeder and distribution systems which support mainline transit.

For at least ten years, ARTBA has advocated the establishment of a public transportation trust fund. The arguments for an against such a fund are, of course, familiar to the members of this subcommittee. A trust fund would provide a degree of stability and continuity to a program that needs multi-year commitments by Federal, state and local governments. Long-range plans could be developed with some assurance that funding would be available at appropriate stages. On the other hand, the public transportation trust fund would lack the desirable ingredient of a tax program based on user charges.

It appeared last year that the windfall profits tax legislation would be an appropriate vehicle for establishing a public transportation trust fund. This opportunity appears to have been lost, at least, at this time. Nevertheless, H.R. 6417 takes the sound approach of relying on windfall profits tax revenues for a long-range financial commitment for energy-conserving transportation facilities.

Energy-related highway programs

H.R. 6417 further relies on windfall profits tax revenues to support a package of highway programs directly related to energy production and energy conservation. In the light of the inadequate revenue outlook for the Highway Trust Fund, it is essential that we find other sources of revenue for these vitally important programs.

Section 115 of the bill provides for a transportation systems management program with 90-10 funding. This provision supports projects for traffic channelization, improved traffic signal systems, fringe parking facilities, preferential treatment for transit and other high occupancy vehicles, and similar energy conservation programs. The importance of projects of this type is well recognized and many such projects are going forward slowly. Inadequacy of funding is the major obstacle and the opportunities for energy conservation are immense.

It has been clearly demonstrated, for example, that the opportunity to save time is one of the greatest incentives for carpooling. Wherever carpoolers have access to express lanes reserved for buses and other high-occupancy vehicles, carpooling is popular. The reason is very simple. The carpooler gets to work faster than his neighbor who drives to work alone. Similarly, if we want people to walk or ride bicycles to transit stops, we need to take positive steps to make streets safer and more convenient for pedestrians and bike-riders. In all of these areas, we must make it convenient for people to save energy and to take advantage of any and all improvements in our transportation system.

Section 117 of the bill addresses two problems directly related to the energy production program. At the present time, the problems are specifically related to the production of coal. As new energy resources are developed, we can expect to encounter similar problems with other heavy and bulky energy materials. Section 117 is sufficiently flexible to apply to energy sources other than just coal.

The coal-haul road problem has already become of extremely serious concern in several Appalachian states. The initial movement of coal from the mine is usually by truck. The wear and tear on the public road system is extremely heavy. This is particularly true where the opening of new mines or changes in the distribution pattern result in the assignment of traffic to roads not originally built for heavy traffic. We need to use all the coal we can in order to offset our current heavy reliance on petroleum products and natural gas. Therefore, we must make sure coal can be transported to the railroad or river port expeditiously and economically.

Another problem is associated with the development of new coal fields in the Western states. The coal moves in unit trains over rail lines which often bisect communities along the way. The length and frequency of these trains results in an unacceptable disruption of local transportation within the affected communities. A massive rail-highway grade crossing improvement program specifically targeted at this problem is definitely needed.

H.R. 6417 would establish a combined energy-impacted roads and railroad crossing program providing assistance of $1.75 billion over a five-year period. The authorizations would begin with $250 million for Fiscal Year 1981 and increase to $450 million for Fiscal Year 1985. The program needs are evidently greatly in excess of these amounts; however, H.R. 6417 provides a good beginning.

Highway obligations

It is significant to note that Section 123 of H.R. 6417 would set obligation limitations for the Federal-aid highway program in the amounts of $10 billion for Fiscal Year 1980, $10.5 billion for Fiscal Year 1981 and $11 billion for Fiscal Year 1982. These are reasonable figures which would permit states to utilize Federal-aid apportionments, within the fiscal capacity of the Highway Trust Fund. The Highway Trust Fund currently has a "cash balance" of more than $12 billion. This represents taxes collected from highway users as far back as the spring of 1978. It has been said many times, but is worth repeating, that balancing the budget would never be an issue if the Federal government adopted the Highway Trust Fund's "pay as you go" principle across the board.

According to a briefing analysis prepared by the Department of Transportation, the President's new budget-cutting initiatives will result in a reduction of $1.876 billion in Fiscal Year 1980 obligations for all DOT programs. Of this amount, $1.15 billion, or 61 percent, comes from Federal-aid highways. Another $601 million, or 32 percent, is attributable to the deferral or transportation energy initiatives program not yet authorized by Congress. All other DOT programs would bear less than 7 percent of the cuts in obligation authority proposed for the current fiscal year.

For Fiscal Year 1981, the proposed reduction in highway obligation authority is much smaller. The highway program would lose "only" $350 million. This is "only" 58 percent of the Department-wide reduction of $600 million. A copy of this analysis is attached to this statement.

The Surface Transportation Assistance Act of 1978 established an obligation limitation of $8.5 billion for Federal-aid highways in Fiscal Year 1979. With respect to that limitation, Congress prohibited the Secretary of Transportation from controlling in any way "the rate of obligation of such limitation or in any other manner."

We are pleased to note that H.R. 6417 includes identical language except that "such limitation" is changed to "any limitation," thus further enforcing this prohibition.

It is very distressing that the March 14, 1980, temporary freeze on highway obligations and the subsequent April 2, 1980, institution of controls were issued in advance of any Presidential deferral message to Congress and without any legal authority. Recognizing the importance of controlling inflation, it seems equally important for Federal agencies to operate within the bounds of their statutory authority and the intent of Congress.

With respect to the balancing of the Fiscal Year 1981 budget, the stated purpose and net effect of the severe disruption of the highway program is to reduce highway expenditures in Fiscal Year 1981 by $400 million. The same budget impact could be obtained by increasing revenues by $400 million. This amount of money is equivalent to less than 4 percent of the anticipated $11 billion of receipts anticipated in Fiscal Year 1981 from the oil import fee.

Mr. Chairman, our association is deeply appreciative of the outstanding work of this subcommittee and the sound legislation it consistently initiates. We thank you for this opportunity to present the views of the American Road & Transportation Builders Association.

DEPARTMENT OF TRANSPORTATION
FY 1981 Outlay Reductions
($ in millions)

Organization	Program	FY 1980 Obligations*	FY 1981 Obligations*	FY 1981 Outlay Savings
DOT Energy Initiatives	Basic Auto Research	$ --	$ 8	$ 2
	Fuel Economy Assessment	--	8	4
	Auto Use Management	200	--	120
	Energy Initiative	401	--	265
FHWA	Federal-Aid Highways	1,150	350	400
UMTA	Research & Development	8	11	15
	Urban Initiatives	--	80	35
FAA	Operations	--	23	23
	Dulles Road & Other	4	--	7
	Research & Development	--	--	2
	Airport Grants	--	50	70
FRA	Northeast Corridor	75	--	50
	Amtrak Capital Grants	--	50	50
	Research & Development	4	1	5
USCG	Operating Expenses	--	12	12
	Capital Program	34	--	25
RSPA, NHTSA, OST, FHWA, SLSDC, FRA UMTA	Operating Accounts	--	7	7
		1,876	600	1,092

* NOTE: Savings in some programs are also dependent on rescheduling of activity within fiscal year.

Mr. HOWARD. Please proceed.

TESTIMONY OF PANEL CONSISTING OF WILLIAM A. BULLEY, PRESIDENT, AMERICAN ASSOCIATION OF STATE HIGHWAY AND TRANSPORTATION OFFICIALS, AND EUGENE M. JOHNSON, CHAIRMAN, AMERICAN ROAD AND TRANSPORTATION BUILDERS HIGHWAY ADVISORY COUNCIL; ACCOMPANIED BY ROBERT HUNTER, DIRECTOR OF TRANSPORTATION, STATE OF MISSOURI; DARRELL MANNING, SECRETARY OF TRANSPORTATION, STATE OF IDAHO

Mr. JOHNSON. In accordance with the chairman's instructions, I will summarize our comments in about 5 minutes.

Mr. FARY [presiding]. Proceed as you wish.

Your statements will all be made part of the record.

Mr. JOHNSON. Thank you, sir.

My name is Eugene M. Johnson and I am the chairman of the Highway Advisory Council of the American Road and Transportation Builders Association. ARTBA is a national association with headquarters in Washington, D.C. Our 5,400 members include construction contractors, suppliers of materials and services, manufacturers and distributors of construction equipment, planning and design firms, public officials at all levels of government, educators and students.

ARTBA is concerned with the development of all modes of transportation. Surface transportation is a matter of particular concern to us, and we fully support the comprehensive approach taken in H.R. 6417. In fact, the discussion of the provisions of this bill was a major topic at our recent national convention in San Diego, Calif. Public transit and highways are closely interrelated. Efficient public transit is dependent on the road and street system not only to carry transit vehicles but also to provide the feeder and distribution systems which support mainline transit.

For at least 10 years ARTBA has advocated the establishment of a public transportation trust fund. The arguments for or against such a fund are, of course, familiar to the members of this subcommittee. A trust fund would provide a degree of stability and continuity to a program that needs multiyear commitments by Federal, State, and local governments. Long-range plans could be developed with some assurance that funding would be available at appropriate stages. On the other hand, the public transportation trust fund would lack the desirable ingredient of a tax program based on user charges.

It appeared last year that the windfall profits tax legislation would be an appropriate vehicle for establishing a public transportation trust fund. This opportunity appears to have been lost, at least, at this time. Nevertheless, H.R. 6417 takes the sound approach of relying on windfall profits tax revenues for a long-range financial commitment for energy conserving transportation facilities.

H.R. 6417 further relies on windfall profits tax revenues to support a package of highway programs directly related to energy production and energy conservation.

Section 115 of the bill provides for a transportation systems management program with 90–10 funding. This provision supports projects for traffic channelization, improved traffic signal systems, fringe parking facilities, preferential treatment for transit and other high occupancy vehicles, and similar energy conservation programs. The importance of projects of this type is well recognized and many such projects are going forward slowly. Inadequacy of funding is the major obstacle and the opportunities for energy conservation are immense.

It has been clearly demonstrated, for example, that the opportunity to save time is one of the greatest incentives for car pooling. Wherever carpoolers have access to express lanes reserved for buses and other high-occupancy vehicles, car pooling is popular. The reason is very simple. The carpooler gets to work faster than his neighbor who drives to work alone. Similarly, if we want people to walk or ride bicycles to transit stops, we need to take positive steps to make streets safer and more convenient for pedestrians and bikeriders. In all of these areas we must make it convenient for people to save energy and to take advantage of any and all improvements in our transportation system.

Section 117 of the bill addresses two problems directly related to the energy production program—carpooling and railroad grade separation. Section 117 is sufficiently flexible to apply to energy sources other than just coal.

We need to use all the coal we can in order to offset our current heavy reliance on petroleum products and natural gas. Therefore, we must make sure coal can be transported to the railroad or river port expeditiously and economically.

Another problem is associated with the development of new coal fields in the Western States. The coal moves in unit trains over rail lines which often bisect communities along the way. The length and frequency of these trains results in an unacceptable disruption of local transportation within the affected communities. A massive rail-highway grade crossing improvement program specifically targeted at this problem is definitely needed.

H.R. 6417 would establish a combined energy-impacted roads and railroad crossing program providing assistance of $1.75 billion over a 5-year period. The program needs are evidently greatly in excess of this amount. However, H.R. 6417 provides a good beginning.

It is significant to note that section 123 of H.R. 6417 would set obligation limitations for the Federal-aid highway program in the amounts of $10 billion for fiscal year 1980, $10.5 billion in fiscal year 1981, and $11 billion in fiscal year 1982.

These are reasonable figures, which would permit States to utilize Federal-aid apportionments within the fiscal capacity of the highway trust fund.

According to a briefing analysis prepared by the Department of Transportation, the President's new budget-cutting initiatives will result in a reduction of $1.876 billion in fiscal year 1980 obligations for all DOT programs. Of this amount, $1.15 billion, or 61 percent, comes from Federal-aid highways. Another $601 million, or 32 percent, is attributable to the deferral or transportation energy initiatives program not yet authorized by Congress. All other DOT programs would bear less than 7 percent of the cuts in obligation authority proposed for the current fiscal year.

For fiscal year 1981, the proposed reduction in highway obligation authority is much smaller. The highway program would lose "only" $350 million. This is "only" 58 percent of the Departmentwide reduction of $600 million.

The Surface Transportation Assistance Act of 1978 established an obligation limitation of $8.5 billion for Federal-aid highways in fiscal year 1979. With respect to that limitation, Congress prohibited the Secretary of Transportation from controlling in any way the "rate of obligation of such limitation or in any other manner." We are pleased to note that H.R. 6417 further enforces this prohibition.

It is very distressing that the March 14, 1980, temporary freeze on highway obligations and the subsequent April 2, 1980, institution of controls were issued in advance of any Presidential deferral message to Congress and without any legal authority. Recognizing the importance of controlling inflation, it seems equally important for Federal agencies to operate within the bounds of their statutory authority and the intent of Congress.

With respect to the balancing of the fiscal year 1981 budget, the stated purpose and net effect of the severe disruption of the highway program is to reduce highway expenditures in fiscal year 1981 by $400 million. The same budget impact could be obtained by increasing revenues by $400 million. This amount of money is equivalent to less than 4 percent of the $11 billion of receipts anticipated in fiscal year 1981 from the oil import fee.

Mr. Chairman, our association is deeply appreciative of the outstanding work of this subcommittee and the sound legislation it consistently initiates. We thank you for this opportunity to present the views of the American Road and Transportation Builders Association.

Mr. FARY [presiding]. Thank you very much, Mr. Johnson.

We're going to have to call a recess for a few minutes to go over and vote. I'll be back in no more than 10 minutes.

[Whereupon, the subcommittee was in recess.]

Mr. FARY. I'm sorry for the delay.

Mr. Johnson, I believe you had concluded your testimony. Mr. Bulley, you may proceed.

Mr. BULLEY. Mr. Chairman and members of the subcommittee, my name is William A. Bulley. I am the Secretary of the Washington Department of Transportation, the State of Washington. I am appearing before you today as president of the American Association of State Highway and Transportation Officials.

With me today are Mr. Bob Hunter, the director of transportation from the State of Missouri, Mr. Darrell Manning, secretary of transportation from the State of Idaho, both of whom are past presidents of AASHTO.

I wish to express our thanks for the opportunity of being here today, also, and to share with you our concerns in regards to the States' ability to provide the services necessary to keep our transportation systems intact and our country mobile.

I will try to paraphrase our statement to you, Mr. Chairman, in deference of time. I believe you have in your record a copy of our full statement.

Mr. FARY. Yes.

Mr. **Bulley**. There are three issues which we would like to discuss with you today. They are the uses of the windfall profits tax, the proposed reductions in the transportation programs in order to balance the fiscal year 1981 budget, and the cash flow situation at the Federal Highway Administration for this fiscal year.

The windfall profits tax which has recently been signed by President Carter would allocate 15 percent of the revenues for transportation and energy conservation. AASHTO feels that this suggested allocation is grossly inadequate and would strongly urge the Congress to make a minimum of 25 percent of the total revenues derived from the windfall profits tax available for transportation purposes. In that regard, we would urge the creation of an adequately financed Mass Transportation Trust Account or fund to be set up in the Treasury to be funded from the windfall profits tax.

For routine capital projects, especially the replacement of old and worn out rolling stock, we would recommend that there be an annual block grant allocation to each State. This would simplify the grant procedure to accelerate the replacement process, and place transit agencies in the position of only having to compete for funding with other jurisdictions within their own State rather than on a nationwide basis. This presumably would reduce the number of alternate designs that bus manufacturers would be required to produce and achieve cost savings by such standardization. And while our paper implies or is not clear on this, we are suggesting that standardization be applied for individual States and not nationally.

We feel that discretionary grants for major mass transit capital program system improvements or new starts would continue to be administered by UMTA.

We feel it must be borne in mind that there are areas in this country where there are no feasible alternatives to the private passenger car. It is also necessary to recognize that highway facilities will provide the operating medium for public transportation systems in 95 percent of our urban areas. Federal programs should be flexible enough to permit financing of parking facilities in areas other than fringe lots, to provide exclusive or preferential bus lanes and bus stops.

There has been some discussion of the movement of coal and other alternative energy facilities. It is our feeling that a portion of the windfall profits tax, recognizing it becomes a portion of the combined energy and transportation issue, should be made available to expedite the movement of these energy supplies to market without causing undue disruption to existing transportation systems. This means the relocation of rail lines, from urban areas, provision of grade separation structures, or construction of new highway facilities to avoid crossings of rail lines.

Governmental efforts to encourage increased use of car pools and van pools are directly related to energy conservation and we feel could well be funded from the proceeds of the windfall profits tax.

We also feel a similar argument can be made for funding of bicycle facilities from the windfall profits tax.

Similarly, enforcement of the 55-mile-per-hour speed limit is clearly an energy-related transportation activity and funding for such a program could also be included from the windfall profits tax.

Now, Mr. Chairman, I would like to provide some specific comments on H.R. 6417, which has been cosponsored by a number of the committee members.

We agree with the need to finish the basic interstate system and recognize the problems of doing that when inflation rates push each successive cost estimate higher than the one before. There is general support from the States for limiting the items which are to be included in future cost estimates. However, we do not feel it is desirable to reduce the funding for the interstate program in fiscal year 1982.

We support the need for greater authorizations for the primary and secondary programs as envisioned in section 103 and for the bridge replacement program in section 104. The identified needs in the Interstate System are in the magnitude of $1.5 to $2 billion a year. If the program is converted to a 4R-type program, needs will be of a higher magnitude. We estimate combined interstate construction and 4R needs will be in the order of $6.5 to $7 billion per year.

There is a need to increase the authorization for the emergency relief program. Several States currently have projects held up by a lack of sufficient ER funds. The State of Washington is one of those, I can assure you, where a large segment of our State has been cut off by reason of a loss of a bridge which we have not been able to replace because of a lack of ER funds.

We have concern over the proposal for transportation systems management. This would create a new category of funding and place it on a level of national importance equivalent to the interstate program. All of the items under this proposal are currently eligible items under other existing categories. The States are committed to energy conservation and will pursue those projects which have high energy savings without the need for a separately funded program.

We would recommend, rather, that the following programs currently funded out of the highway trust fund be funded out of the windfall profits tax moneys and an equivalent amount be used to increase funding for the primary, the secondary, and the urban programs.

Those programs can be identified as energy-related programs. They would include the 55-mile-per-hour enforcement, the railroad highway crossings, the bicycle programs, carpooling and vanpooling, and the railroad relocation demonstrations.

While we support the safer off-system program, we cannot support the funding of it out of the highway trust fund. Revenues to the fund are decreasing and other needs are climbing at a very high rate. This program should continue to be funded out of the general funds of the Treasury.

We encourage the adoption of advance appropriations authority for public transportation programs. The set aside of a portion of section 3 funds for areas under 200,000 population will help assure that these areas are considered, and we feel that is a good provision.

We have identified, Mr. Chairman, in our paper the relationship of poor maintenance and lower efficiency vehicles. We feel by utilizing a portion of the windfall profits tax for pavement resurfacing, that significant fuel savings can be realized.

There is no question, Mr. Chairman, that our current energy situation is having an adverse impact on our ability to provide the transportation services needed today.

The reduced consumption of fuel is a national goal that AASHTO supports, but it is having a devastating effect on State programs. Several factors are involved. Inflation, probably the biggest single factor, has brought about the doubling and, in some instances, the tripling of the cost of work done and the services performed.

Another factor is the decline in the consumption of gasoline and, therefore, a reduction in revenues available for transportation purposes.

The administration is proposing to cut the highway program this fiscal year by $1.1 billion from approved levels, and the transit program by $600 million from an earlier proposal, utilizing windfall profits tax revenues. The Senate Budget Committee has taken an even more disturbing action by cutting all new transit moneys for both this fiscal year and next. This is being done at a time when the improvement and expansion of our Nation's public transportation system should be a national priority.

We have also cited in our paper, Mr. Chairman, some instances where programs underway by the States are going to be delayed, with additional work required to be done. We specifically cited the State of Vermont. I could cite other projects throughout the Nation, including one in our State of Washington, in the Seattle area, that will be very adversely affected by reason of the deferral of funds. That would be a portion of Interstate 90 from Seattle to about 7 miles easterly. I could provide you with more details on that. But basically, it's a very large program, a missing link in the interstate system, and due to the obligation controls that we are now under, it simply will be impossible for us to proceed with any major projects on that entire project for probably a year-and-a-half at least.

Another factor of vital concern to us is the need for a $1.4 billion supplemental of liquidating cash authorization for the Federal Highway Administration for this fiscal year. It is our understanding that unless the Federal Highway Administration gets this additional authorization, they will run out of cash to reimburse the States for work done by the contractors by June or July of this year. We understand that that date is indeterminant at this time.

These moneys are on hand in the Highway Trust Fund, but the Federal Highway Administration needs authorization from Congress to release it for payment to the States. I want to emphasize that this dilemma affects current projects now under contract most critically, although it will also delay other projects which may be planned to advertise for bidding this spring.

Several States, including my own, and 11 others that we can identify for you, have already postponed any further lettings, with a total value of some $736 million for this year, unless the cash flow problem is resolved.

The granting of this supplemental request would in no way affect the balancing of the Federal budget for fiscal year 1981. On the other hand, if it is not included in fiscal year 1980, its addition to the outlays in fiscal year 1981 will jeopardize attempts to balance the fiscal year 1981 budget.

The States are in no financial condition to carry the Federal Government on the cuff until the end of the fiscal year.

AASHTO has also recognized the need and has supported the initiatives to balance the Federal budget in order to bring inflation under control. Discipline and sacrifice within all sectors of the economy are necessary to achieve this difficult objective.

AASHTO strongly recommends that anticipated transportation budget deferrals be carefully managed. The authorization levels for Federal fund obligation within the major program categories must be retained. Transportation investments for these major programs yield the highest societal benefits and, therefore, should not be negatively affected.

A recent telephone survey of AASHTO member States indicates a vast majority of the State transportation agencies favor the deferral of minor categorical programs and the retention of major programs in order to achieve the budget reductions considered.

In response to the President's proposal to add an import fee of $4.62 on a barrel of crude oil, and then to translate that into 10 cent a gallon gasoline tax, and have none of those revenues go to transportation, we feel is a move in the wrong direction.

We ask that Congress carefully evaluate the negative impact of this proposal. It constitutes an unwarranted penalty upon the transportation community and hits the motorist in the pocket harder than any other segment of the economy, and totally ignores the geographic and population density characteristics of rural States. These revenues could be put to good use in being earmarked for a public transportation account and for providing the tools necessary for a smooth and efficient highway system. This action will also set a precedent for funding general budgetary needs from the gasoline tax and makes it difficult to utilize additional user taxes for transportation needs.

Thank you, Mr. Chairman. Mr. Manning, Mr. Hunter and myself would be glad to attempt to respond to any questions that you and the committee may have.

Mr. HOWARD [presiding]. Thank you very much.

In relation to your statement of the States carrying the Federal Government on the cuff, perhaps we should be aware of the fact that no one has been so vocal about Federal spending, or so vocal in demanding that the Congress cut back its spending, or so vocal in demanding that the Federal Government balance its budget, as has the State legislators around this country, and to many degrees the governments around the country.

Many of the programs that the Federal Government is involved in is because the States either would not or could not respond to needs that they themselves had. We can take the program of maintenance of highways as one. The original plan was to help the States build highways, and once they were built they would take them over and they then would maintain them.

Now we see a multibillion dollar Federal and State program falling apart, and that's why we added those hundreds of millions of dollars per year, especially and specifically for upgrading, modernizing and adding safety features to the highway programs.

Revenue sharing is another area of the Federal Government and Members of Congress doing the taxing and the State legislators cutting the ribbons around the country. So I feel that the Congress, which is very shortly going to come up with a balanced budget—I think the facts show that's a foregone conclusion—is perhaps responding to the other complaints that the State legislators have about the Congress, about our spending and such things.

I know that my own State, until recent years, was one of the few States that refused—the legislature refused to vote for any kind of State income tax, or a State sales tax. My State in the Northeast was the worst gatherer of taxes of any State in the Union and, therefore, was the lowest in support of programs. That Northeastern State was spending less per pupil in higher education than any State in the Union, sent more people out-of-State to college because of not doing things. That's why we got massive Federal education programs in the interest of all the young people in the Nation, and that's why we're into a lot of areas of the highways that perhaps we should not even be in. But the Congress was the only group that would meet the responsibility and take the heat for the higher taxes and the additional spending.

That's over, and we're going to have a balanced budget. We don't know exactly where all these cuts are going to come, because we do have the administration's budget and we have the House budget, and we have the Senate budget. These will be worked on shortly.

We do want this committee and the Congress to have some say in where the cuts might be best absorbed with deferred money. I wonder if you could give us perhaps some of your highest priority areas on the sections and segments of the highway bill, should we need some cutting, where the priorities are that we shouldn't cut and have to have, and also in the transit field, if you could.

If we have to cut it, where would you suggest we don't cut it?

Mr. Bulley. Mr. Chairman, may I clarify one point in terms of the funding of the current contracts that are underway, and the ability of the States to respond and carry the entire payments to contractors for——

Mr. Howard. Meeting the commitments we have, I totally agree with you, that those are things that must be done by the Government.

Mr. Bulley. We just don't have the cash flow to carry it.

Mr. Howard. The first time we didn't. We reneged on that. I intend personally to talk with the chairman of the Budget Committee, and I do believe the Appropriations Committee may be cognizant of that.

Mr. Bulley. In terms of the question of priorities in the programs, we are polling the States to develop a more complete list of categories that we feel would be of more priority. It would be primarily the minor categories.

I also have to reflect some comments that were made to me through correspondence with some of the individual States, expressing concern that if some of the minor categories that affected one geographical region were just discarded, and not of another geographical region, that there has to be a balance there, too, so that one isn't adversely affected while another one continues. They had some concerns about that.

Mr. HOWARD. What about some idea that perhaps there ought to be a certain amount of allocated deferrals to the States and maybe the States then, rather than just the Congress, that the States have a larger say in where the money ought to be spent.

Mr. BULLEY. Yes, that has been the policy of AASHTO. We have suggested four or five major categories, including the interstates, primary, secondary, and I think those have been expressed to this committee before.

Mr. HOWARD. I don't imagine that you could have one category and say this is of primary importance in every State in the Union. You probably wouldn't have that.

Mr. BULLEY. I think it would vary to some degree throughout the States.

We do encourage more flexibility on behalf of the States to use Federal funds. On the other hand, we recognize also that there are segments and there are systems in the States that are truly of national interest, like the interstate system. Therefore, we don't propose that that be discarded as a system for funding. That's why we have broken them down to four or five major categories, and we can provide those to you.

Mr. HOWARD. Some States may have critical bridge needs.

Mr. BULLEY. That's right.

Mr. HOWARD. And they have pretty much, to a great degree, have gone ahead on their interstate.

Mr. BULLEY. Yes, sir. We would be glad to provide those categories to you, sir.

Do you have any comments?

Mr. MANNING. No, that's fine.

Mr. HOWARD. Anything on transit?

Mr. BULLEY. We were discussing the transit cutbacks this morning. We have not yet in AASHTO identified totally from all the States what the priorities of various programs are. We can certainly do that, and I think your suggestion is a good one, that we do try to do that.

We feel in most of the States the transit operations are the responsibility of local government, so it's a matter of getting their input to that as well as the State input, to insure that we are reflecting all those needs.

Now, when you start doing that, here again you run into a variety of priorities at the local level. Some might think maintenance and operations are the most important, while others might think capital improvements are the most important. So we will have to use some judicial judgment when we put that together, I guess. But we would be glad to provide that for you.

I do understand that the Urban Mass Transit Administration, in response to a question that we presented to them this morning, has characterized some priorities of programs and did respond to that.

Mr. HOWARD. In allocating the remainder of the highway money, it's not as easy as you think to figure out a fair allocation. Some States have gone faster during this year and they may find if you allocate what would be an equitable way, for the remaining money you have, that would then give some States their full allocation because they went along farther, and some not very much because they may have waited—maybe the weather has something to do with it, or whatever. Then they would sort of be shorted in that.

Of course, one provision I imagine you agree with is that in no way should a cut involve placing any State in jeopardy of lapsing any of its money. I don't know for sure, but there could be some States with a small allocation that would be left to them this year, which would not use up all their 4-year-old money, so I guess there ought to be that provision, and no matter what happens, that we don't have that lapse situation.

Do you have any kind of an idea how we can treat the States? Should we just take into account what we have left, and whatever the proportional allocation should be the rest of the way, or should we say, "Well, some of you States did use a higher proportion——" then, of course, you're penalizing the so-called good guys who did go ahead with their programs.

What's your view on that? It seems that neither way is really fair. You can find an injustice in it.

Mr. **Bulley**. Obviously, it's very difficult to find one that's totally satisfying to everyone, with projects underway and so forth.

We were pleased that the Federal Highway Administration did take into account the possibility of lapse, to avoid that. There is, however, a very high diversity of total percentage of apportionment, of original apportionment between the States. It ranges, I believe, from about 30 percent up to over 200 percent. We were just discussing that when we left our meeting today to come over here to testify. The chief administrative officers of AASHTO—and I think about 30 or 35 States were represented there today—are in the process of reviewing that right now. We just have recently found out what the formula was that was used by the Federal Highway Administration. Obviously, those States that are very severely affected are very concerned to the extent that some of them have even taken it into court.

You probably have already heard there has been a temporary restraining order granted by the courts as a result of action taken by New Mexico.

Mr. **Howard**. Yes, we heard that. And there are a couple more that have some pending.

Mr. **Bulley**. Yes, the State of California.

Mr. **Hunter**. They're in that with the State of New Mexico. They couldn't get it in in California, so it's in the New Mexico courts.

Mr. **Bulley**. And New Mexico did get a very small amount, and their original apportionment is very low. We have not come up with any conclusions as a result of our discussions this morning, and that's why we are meeting today, Mr. Chairman. We can come back to you with any conclusions that are developed through our deliberations today.

Mr. **Howard**. While we're on that subject, perhaps this would be a good time to recognize the gentleman from California, Mr. Anderson.

Mr. **Anderson**. I have no questions, Mr. Chairman.

Mr. **Howard**. On another subject, besides this year's budget and all, it doesn't look as though we can have much of a highway program this year to take care of the fiscal 1982 problem we have, because of the decline that you mentioned in the trust fund money.

What do you think of the idea of the 10 cents that may come from the President's import tariff going totally into a transportation trust fund, or do you have some other practical method of helping to solve the funding problems that the highways face in just a few years?

Mr. **Bulley**. We in AASHTO are in the process of putting together the results of a questionnaire in terms of the future funding of the highway program——

Mr. **Howard**. We knew we had a problem, and we knew it would be down the road, but now it seems to be accelerating and it looks like——

Mr. **Bulley**. It's accelerating very greatly.

In response to your first question, we have covered—and I did not read all of it—but we have covered the question of the possible 10 cent a gallon gasoline tax, and we certainly feel that a user tax of that type should be used for transportation, including highways, as necessary.

We recognize in AASHTO that the need for a balanced transportation system—I heard Mr. Kramer testify earlier that Illinois has a lot of rail, and that's absolutely right. There are many States that are more public transportation oriented because of their population density, and some of us who are more rurally oriented. Nevertheless, though, the major trend of public transportation at this time is still highway-oriented public transportation.

Mr. **Howard**. Buses.

Mr. **Bulley**. Buses, oh, yes. And that requires a good highway system. In many areas there are no alternatives for a good highway system. Certainly one can just look at the interstate system, for example, which carries such a high percentage of the travel, the total travel, and you certainly recognize the need for the completion of that interstate system in our opinion. The need is there and it was there when the system was developed. So we would like to see the increased funding of the highway program in order to accommodate those needs.

We are at a point now—we were just talking outside earlier before your committee started here—we are at a point now where we see a very rapid deterioration of the highway system, to a point where we question that in 10 years the highway system will be able to accommodate the traffic needs in this Nation. That, of course, relates very strongly to the relationship and affects the relationship of the economy of this Nation, because we feel that transportation is the keystone to the economy of this Nation and to the productivity of this Nation. Therefore, we feel highway programs should be maintained—I'm saying the highway construction programs as well as the maintenance programs—should be maintained at a level consistent with the needs for transportation, to serve not only private vehicles, industry, but also public transportation and private buses.

Mr. **Howard**. The highway program certainly, economically, seems to be the avenue for all the progress in the country, at the same time contributing to the problems, with pollution, gasoline usage and such things. Trying to balance it is going to be a problem.

Mr. **Bulley.** I was going to say that I believe the vast majority of the States, as members of AASHTO, fully recognize the need for conservation of energy, air pollution problems, and do encourage, as we do in the State of Washington, as a number one priority, the alternatives for the private automobile and the 1.2 persons per car that we average out there now. The alternative of providing for increased vehicle occupancy through high occupancy vehicle lanes, through parking right lots and other measures of that type that will support the increased vehicle occupancy feature.

Mr. **Howard.** Do you get involved at all in the insurance problem we talked about with the Secretary of Transportation from Illinois? You know, we have this vanpooling thing, but maybe it hasn't come up as a big issue in your State.

Mr. **Bulley.** It has, and we did have legislation passed in the last session that clears us totally on that. We would be glad to make that legislation available.

Mr. **Howard.** What does it do for the people who are vanpooling? What does your State legislation do?

Mr. **Bulley.** The State legislation provides for—it has two provisions: One, for the use of public vehicles for vanpools—that was a big question, whether or not we could use, for example, State cars for vanpools. The legislation provides for coverage of insurance on State vehicles for use in van pools, I believe for six or more.

It also provides coverage for the driver of the vehicle against any liability on behalf of the passengers of the vehicle.

I am not familiar with the details of the legislation as it relates to the private sector. Mr. Hunter may have some comments.

Mr. **Howard.** Apparently more States than I thought have worked on this problem.

Mr. **Hunter.** Mr. Chairman, in 1973 we started building these carpool lots, commuter lots. We never did use Federal money. We didn't want to wait for all those procedures. We used State money only. We found the people very receptive to these. We tripled the size of some of these because of the use.

Then people started contacting us, advising us they were driving 50 and 60 miles to work at McDonnell-Douglas and wanted pool parking areas, and we have done this. But it has been strictly on a voluntary basis, just like you and your neighbor might get together and ride to work. We haven't had much comment about this insurance matter, until we saw the emphasis to regiment the people, to go into the plant and by computer matching tell Joe he's supposed to ride with Mary because they live in the same area or something. But as long as it was voluntary, we saw nothing wrong with it. There hasn't been a whole lot of this getting together by regimentation.

Mr. **Howard.** I have heard from some people where they may have 8 or 9 in a van, and the amount of coverage that would be needed, even the voluntary thing, that it might be a slight disincentive. Certainly we don't want to have the Federal Government, and even the State, subsidizing the additional coverage or whatever. I don't know what the answer is. It has just come up to me recently.

Mr. **Hunter**. McDonnell-Douglas started this kind of incentive program in the 1960's, long before this thing became an issue. Their purpose was to try to reduce the demand for parking areas. So a person who drove a 9-passenger vehicle parked near the door, and the person who drove to work alone parked on the outer fringes of the lot. It was very effective in getting these people in there.

Mr. **Howard**. Or maybe a disincentive. [Laughter.]

I wonder if you could, and we will, without objection, have it made a part of the record, if you could send us the statute in regard to the vanpooling insurance in the State of Washington.

Mr. **Bulley**. I would be most pleased to, Mr. Chairman.

Mr. **Howard**. It may be helpful.

[The following was received for the record:]

STATE OF
WASHINGTON

Dixy Lee Ray
Governor

DEPARTMENT OF TRANSPORTATION
Highway Administration Building, Olympia, Washington [illegible] [illegible]

April 17, 1980

Congressman James J. Howard
Chairman, Subcommittee on
  Surface Transportation
Committee on Public Works & Transportation
2245 Rayburn House Office Building
Washington, D. C. 20515

Dear Chairman Howard:

During my testimony before your committee last Wednesday on behalf of AASHTO, you requested a copy of the Washington State statute pertaining to insurance provisions for car pools and van pools.

A copy of the statute, together with our summary of the legislation is attached for your information. The legislation was passed into law during the 1979 session.

I appreciated the opportunity of being able to appear before your committee and expressing AASHTO's interest regarding current transportation issues. If you have any questions concerning the AASHTO testimony or the state legislation, please feel free to call on us at any time.

Very truly yours,

W A Bulley

W. A. BULLEY
Secretary of
Transportation

WAB:dc

Attachments

CHAPTER 111 (SHB 96) **COMMUTER RIDE-SHARING** **Effective: June 7, 1979**

Action Required of: Public Transportation and Planning

Attention Required of: All Divisions
All Districts

This bill provides the statutory basis to better facilitate commuter ride-sharing (carpool-vanpool arrangements) operations in Washington state. It defines commuter ride-sharing, ride-sharing for the elderly and the handicapped, ride-sharing vehicle, ride-sharing operator, elderly and handicapped for the purposes of the act.

Excludes ride-sharing vehicles from regulations relating exclusively to for-hire vehicles, common carriers and public transportation carriers. Declares that ride-sharing operators and drivers will be subject to a reasonable and ordinary standard of care and are not subject to ordinances or regulations which relate exclusively to common carriers and other for-hire services.

Gives the Utilities and Transportation Commission the authority to regulate every private, nonprofit transportation provider, to issue certificates to such providers, establish safety and insurance requirements, adopt rules which will provide for adequate vehicle standards; inspect vehicles and regulate proposed fares. The UTC must require owners or operators to provide liability and property damage insurance or a Surety Bond prior to issuing a certificate, and the certificate shall be revoked for failure to keep the insurance in force and for other specified reasons.

The bill also gives authority to state and local governments to make their own motor vehicles available for commuter ride-sharing but the arrangment must be economical and advantageous to the governing body. The program involving state equipment and employees will be administered under rules and regulations established by the Office of Financial Management.

For purposes of Industrial Insurance Laws, the bill also declares that time spent going to and from work in commuter ride-sharing does not constitute "acting within the course of employment" even if the employer participates in the ride-sharing arrangement.

Finally, the bill excempts funds received in the course of commuter ride-sharing and ride-sharing for the elderly and handicapped from the Business and Occupation Tax and the Public Utility Tax.

IN THE LEGISLATURE
of the
STATE OF WASHINGTON

1889

CERTIFICATION OF ENROLLED ENACTMENT

SUBSTITUTE HOUSE BILL NO. 96

CHAPTER 111, LAWS OF 1979
(46th Legislative Session)

Effective Date: June 7, 1979

Passed the House February 19 197 9

Yeas 94 *Nays* 1

Passed the Senate March 2 197 9

Yeas 47 *Nays* 0

CERTIFICATE

March 8, 1979

The House concurred in the Senate amendments and passed the bill as amended.

Yeas 96 Nays 0

We, Dean R. Foster and Vito T. Chiechi, Chief Clerks of the House of Representatives of the State of Washington, do hereby certify that the attached is enrolled Substitute House Bill No. 96 *as passed by the House of Representatives and the Senate on the dates hereon set forth.*

Dean R. Foster

Dean R. Foster *Chief Clerk*

Vito T. Chiechi

Vito T. Chiechi *Chief Clerk*

SUBSTITUTE HOUSE BILL NO. 96

State of Washington
46th Legislature
Regular Session

by Committee on Transportation
(originally sponsored by
Representatives Shorman and
Charnley)

Read first time February 9, 1979, and passed to second reading.

AN ACT Relating to ride sharing; amending section 5, chapter 167, Laws of 1975 1st ex. sess. and RCW 43.41.130; amending section 46.04.190, chapter 12, Laws of 1961 and RCW 46.04.190; amending section 46.72.010, chapter 12, Laws of 1961 and RCW 46.72.010; amending section 3, chapter 107, Laws of 1961 as amended by section 8, chapter 350, Laws of 1977 ex. sess. and RCW 51.08.013; amending section 81.68.010, chapter 14, Laws of 1961 as last amended by section 1, chapter 121, Laws of 1975-'76 2nd ex. sess. and RCW 81.68.010; adding a new section to chapter 35.21 RCW; adding a new section to chapter 82.04 RCW; adding a new section to chapter 82.16 RCW; adding a new chapter to Title 46 RCW; adding a new chapter to Title 81 RCW; and creating new sections.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

NEW SECTION. Section 1. The definitions set forth in this section shall apply throughout this chapter, unless the context clearly indicates otherwise.

(1) "Commuter ride sharing" means a car pool or van pool arrangement whereby a fixed group not exceeding fifteen persons including passengers and driver, is transported between their places of abode or termini near such places, and their places of employment or educational or other institutions, in a single daily round trip where the driver is also on the way to or from his or her place of employment or educational or other institution.

(2) "Ride sharing for the elderly and the handicapped" means a car pool or van pool arrangement whereby a group of elderly and/or handicapped persons and their attendants, not exceeding fifteen persons including passengers and driver, is

transported by a public social service agency or a private, nonprofit transportation provider as defined in section 4(3) of this 1979 act: PROVIDED, That the driver need be neither elderly nor handicapped.

(3) "Ride-sharing vehicle" means a passenger motor vehicle with a seating capacity not exceeding fifteen persons including the driver, while being used for commuter ride sharing or for ride sharing for the elderly and the handicapped.

(4) "Ride-sharing operator" means the person, entity, or concern, not necessarily the driver, responsible for the existence and continuance of commuter ride sharing or ride sharing for the elderly and the handicapped.

(5) "Elderly" means any person sixty years of age or older.

(6) "Handicapped" means all persons who, by reason of illness, injury, age, congenital malfunction, or other permanent or temporary incapacity or disability, are unable without special facilities or special planning or design to use mass transportation facilities and services as efficiently as persons who are not so affected. Handicapped people include (a) ambulatory persons whose capacities are hindered by sensory disabilities such as blindness or deafness, mental disabilities such as mental retardation or emotional illness, physical disability which still permits the person to walk comfortably, or a combination of these disabilities; (b) semiambulatory persons who require special aids to travel such as canes, crutches, walkers, respirators, or human assistance; and (c) nonambulatory persons who must use wheelchairs or wheelchair-like equipment to travel.

NEW SECTION. Sec. 2. Ride-sharing vehicles are not deemed for hire vehicles and do not fall within the provisions of chapter 46.72 RCW or any other provision of Title 46 RCW affecting for hire vehicles, whether or not the ride-sharing operator receives compensation.

NEW SECTION. Sec. 3. A ride-sharing operator and the driver of a ride-sharing vehicle shall be held to a reasonable and ordinary standard of care, and are not subject to ordinances or regulations which relate exclusively to the regulation of drivers or owners of motor vehicles operated for hire, or other common carriers or public transit carriers.

NEW SECTION. Sec. 4. The definitions set forth in this section shall apply throughout this chapter, unless the context clearly indicates otherwise.

(1) "Corporation" means a corporation, company, association, or joint stock association.

(2) "Person" means an individual, firm, or a copartnership.

(3) "Private, nonprofit transportation provider" means any private, nonprofit corporation providing transportation services for compensation solely to elderly or handicapped persons and their attendants.

(4) "Elderly" means any person sixty years of age or older.

(5) "Handicapped" means all persons who, by reason of illness, injury, age, congenital malfunction, or other permanent or temporary incapacity or disability, are unable without special facilities or special planning or design to use mass transportation facilities and services as efficiently as persons who are not so affected. Handicapped people include (a) ambulatory persons whose capacities are hindered by sensory disabilities such as blindness or deafness, mental disabilities such as mental retardation or emotional illness, physical disability which still permits the person to walk comfortably, or a combination of these disabilities; (b) semiambulatory persons who require special aids to travel such as canes, crutches, walkers, respirators, or human assistance; and (c) nonambulatory persons who must use wheelchairs or wheelchair-like equipment to travel.

NEW SECTION. Sec. 5. No person or corporation, their lessees, trustees, receivers, or trustees appointed by any court, may operate as a private, nonprofit transportation provider except in accordance with this chapter.

NEW SECTION. Sec. 6. The commission shall regulate every private, nonprofit transportation provider in this state but has authority only as follows: To issue certificates to such providers; to set forth insurance requirements; to adopt reasonable rules to insure that any vehicles used by such providers will be adequate for the proposed service; to inspect the vehicles and otherwise regulate the safety of operations of each provider; and to regulate in accordance with the procedures set forth in chapter 81.04 RCW any rates, fares, or charges proposed by such providers. The commission may charge fees to private, nonprofit transportation providers, which shall be approximately the same as the reasonable cost of regulating such providers.

NEW SECTION. Sec. 7. No private, nonprofit transportation provider may operate in this state without first having obtained from the commission under the provisions of this chapter a certificate, but a certificate shall be granted to any private, nonprofit transportation provider holding an auto transportation company certificate on the effective date of this 1979 act, upon surrender of the auto transportation company certificate. Any right, privilege, or certificate held, owned, or obtained by a private, nonprofit transportation provider may be sold, assigned, leased, transferred, or inherited as other property only upon authorization by the commission. The commission shall issue a certificate to any person or corporation who files an application, in a form to be determined by the commission, which sets forth:

(1) Satisfactory proof of its status as a private, nonprofit corporation;

(2) The kind of service to be provided;

(3) The number and type of vehicles to be operated, together with satisfactory proof that the vehicles are adequate for the proposed service and that drivers of such vehicles will be adequately trained and qualified;

(4) Any proposed rates, fares, or charges;

(5) Satisfactory proof of insurance or surety bond, in

accordance with section 8 of this 1979 act. The commission may deny a certificate to a provider who does not meet the requirements of this section. Each vehicle of a private, nonprofit transportation provider shall carry a copy of the provider's certificate.

NEW SECTION. Sec. 8. The commission shall, in the granting of certificates to operate any private, nonprofit transportation provider, require the owner or operator to first procure liability and property damage insurance from a company licensed to make liability insurance in the state of Washington or a surety bond of a company licensed to write surety bonds in the state of Washington on each vehicle used or to be used in transporting persons for compensation. The commission shall fix the amount of the insurance policy or policies or surety bond, giving due consideration to the character and amount of traffic, the number of persons affected, and the degree of danger which the proposed operation involves. Such liability and property damage insurance or surety bond shall be maintained in force on each vehicle while so used. Each policy for liability or property damage insurance or surety bond required herein, shall be filed with the commission and kept in full force and effect, and failure to do so shall be cause for the revocation of the certificate.

NEW SECTION. Sec. 9. The commission may, at any time, by its order duly entered after a hearing had upon notice to the holder of any certificate issued under this chapter, and an opportunity to such holder to be heard, at which it is proven that the holder has wilfully violated or refused to observe any of the commission's proper orders, rules, or regulations, suspend, revoke, alter, or amend any certificate issued under the provisions of this chapter, but the holder of the certificate shall have all the rights of rehearing, review, and appeal as to the order of the commission as is provided for in RCW 81.68.070.

NEW SECTION. Sec. 10. The provisions of this chapter shall not affect the standard of care, as set forth in section 3 of this 1979 act, to which a private, nonprofit transportation provider shall be held.

NEW SECTION. Sec. 11. There is added to chapter 35.21 RCW a new section to read as follows:

The power of any city, town, county, other municipal corporation, or quasi municipal corporation to acquire, hold, use, possess, and dispose of motor vehicles for official business shall include, but not be limited to, the power to acquire, hold, use, possess, and dispose of motor vehicles for commuter ride sharing by its employees, so long as such use is economical and advantageous to the city, town, county, other municipal corporation.

Sec. 12. Section 5, chapter 167, Laws of 1975 1st ex. sess. and RCW 43.41.130 are each amended to read as follows:

The director of ((the--office--of--program--planning--and fiscal)) financial management, after consultation with other interested or affected state agencies and approval of the automotive policy board established pursuant to RCW 43.19.580, shall establish overall policies governing the acquisition, operation, management, maintenance, repair, and disposal of, all passenger motor vehicles owned or operated by any state agency. Such policies shall include but not be limited to a definition of what constitutes authorized use of a state owned or controlled passenger motor vehicle and other motor vehicles on official state business. The definition shall include, but not be limited to, the use of state-owned motor vehicles for commuter ride sharing so long as the entire capital depreciation and operational expense of the commuter ride-sharing arrangement is paid by the commuters. Any use other than such defined use shall be considered as personal use.

Sec. 13. Section 46.04.190, chapter 12, Laws of 1961 and RCW 46.04.190 are each amended to read as follows:

"For hire vehicle" means any motor vehicle ((other--than an--auto--stage)) used for the transportation of persons for compensation, except auto stages and ride-sharing vehicles.

Sec. 14. Section 46.72.010, chapter 12, Laws of 1961 and

RCW 46.72.010 are each amended to read as follows:

When used in this chapter:

(1) The term "for hire vehicle" includes all vehicles used for the transportation of passengers for compensation, except auto stages ((~~or~~)), school buses operating exclusively under a contract to a school district, and ride-sharing vehicles;

(2) The term "for hire operator" means and includes any person, concern, or entity engaged in the transportation of passengers for compensation in for hire vehicles.

Sec. 15. Section 3, chapter 107, Laws of 1961 as amended by section 8, chapter 350, Laws of 1977 ex. sess. and RCW 51.08.013 are each amended to read as follows:

"Acting in the course of employment" means the worker acting at his or her employer's direction or in the furtherance of his or her employer's business which shall include time spent going to and from work on the jobsite, as defined in RCW 51.32.015 and 51.36.040, insofar as such time is immediate to the actual time that the worker is engaged in the work process in areas controlled by his or her employer, except parking areas, and it is not necessary that at the time an injury is sustained by a worker he or she be doing the work on which his or her compensation is based or that the event be within the time limits on which industrial insurance or medical aid premiums or assessments are paid. The term shall not include time spent going to or coming from the employer's place of business in commuter ride sharing, as defined in section 1(3) of this 1979 act, notwithstanding any participation by the employer in the ride-sharing arrangement.

Sec. 16. Section 81.68.010, chapter 14, Laws of 1961 as last amended by section 1, chapter 121, Laws of 1975-'76 2nd ex. sess. and RCW 81.68.010 are each amended to read as follows:

((~~As used in this chapter~~)) The definitions set forth in this section shall apply throughout this chapter, unless the context clearly indicates otherwise.

(1) "Corporation" means a corporation, company,

association, or joint stock association.

(2) "Person" means an individual, firm, or a copartnership.

(3) "Auto transportation company" means every corporation or person, their lessees, trustees, receivers, or trustees appointed by any court whatsoever, owning, controlling, operating, or managing any motor propelled vehicle not usually operated on or over rails used in the business of transporting persons, and baggage, mail, and express on the vehicles of auto transportation companies carrying passengers, for compensation over any public highway in this state between fixed termini or over a regular route, and not operating exclusively within the incorporated limits of any city or town((~~: PROVIDED, That~~)). The term "auto transportation company" shall not include corporations or persons, their lessees, trustees, receivers, or trustees appointed by any court whatsoever insofar as they own, control, operate, or manage taxicabs, hotel buses, school buses, motor propelled vehicles operated exclusively in transporting agricultural, horticultural, ((~~or~~)) dairy, or other farm products from the point of production to the market, or any other carrier which does not come within the term "auto transportation company" as herein defined.

No portion of this section shall apply to persons operating motor vehicles when operated wholly within the limits of incorporated cities or towns, and for a distance not exceeding three road miles beyond the corporate limits of the city or town in Washington in which the original starting point of such vehicle is located, and which operation either alone or in conjunction with another vehicle or vehicles is not a part of any journey beyond ((~~said~~)) the three mile limit.

The term "auto transportation company" shall not include, nor shall the provisions of this chapter apply to, ((~~any operation whereby passengers are transported between their places of abode, or termini near such places, and their places of employment, in a motor vehicle with a seating capacity including the driver not exceeding fifteen persons, in a single,~~

~~daily round trip where the driver himself is also on the way to or from his place of employment: PROVIDED, That said transportation or~~)) commuter ride sharing or ride sharing for the elderly and the handicapped in accordance with section 1 of this 1979 act, so long as the ride sharing operation ((~~shall~~)) does not compete with nor infringe upon ((~~service of~~)) comparable service actually being provided prior to the initiation of the ride-sharing operation by an existing auto transportation company certificated under this chapter.

(4) "Public highway" means every street, road, or highway in this state.

(5) The words "between fixed termini or over a regular route" mean the termini or route between or over which any auto transportation company usually or ordinarily operates any motor propelled vehicle, even though there may be departure from said termini or route, whether such departures be periodic or irregular. Whether or not any motor propelled vehicle is operated by any auto transportation company "between fixed termini or over a regular route" within the meaning of this section shall be a question of fact, and the finding of the commission thereon shall be final and shall not be subject to review.

NEW SECTION. Sec. 17. There is added to chapter 82.04 RCW a new section to read as follows:

This chapter does not apply to any funds received in the course of commuter ride sharing or ride sharing for the elderly and the handicapped in accordance with section 1 of this 1979 act.

NEW SECTION. Sec. 18. There is added to chapter 82.16 RCW a new section to read as follows:

This chapter does not apply to any funds received in the course of commuter ride sharing or ride sharing for the elderly and the handicapped in accordance with section 1 of this 1979 act.

NEW SECTION. Sec. 19. Sections 1 through 3 of this 1979 act shall constitute a new chapter in Title 46 RCW.

NEW SECTION. Sec. 20. Sections 4 through 10 of this 1979 act shall constitute a new chapter in Title 81 RCW.

NEW SECTION. Sec. 21. If any provision of this act or its application to any person or circumstance is held invalid, the remainder of the act or the application of the provision to other persons or circumstances is not affected.

Passed the House February 19, 1979.

Democratic Speaker of the House.

Republican Speaker of the House.

FILED
MAR 26 1979
[illegible]
4:18 PM

Passed the Senate March 2, 1979.

John A. Cherberg
President of the Senate.

Approved March 26, 1979

Governor of the State of Washington

Mr. HOWARD. Mr. Johnson, on these reductions that we have, could you get us figures on—let's take the general reductions in, say, recommended by the administration, as to two things: What it might involve in unemployment, or lack of additional employment we might have expected with these cuts—I don't know whether you have them or not—and what it might involve with, say, a 2-year deferral of certain projects that might go on. How much more is it going to cost to do the same work that we would be able to do without the inflationary factors? Is there any way that you, or maybe AASHTO, or anyone, if you could, give those estimates?

We have heard unemployment figures generally on the whole balanced budget, how many more people are going to be unemployed. I just wonder whether or not in the transportation field whether some figures could be gotten. So if anyone could get those figures, they could send them to us.

Mr. JOHNSON. Mr. Chairman, we would be glad to try. Some of it may be available—I expect there will be some estimating in any figures of that type that we get, but I would hope that we could find sufficient factual data to make them reasonably realistic.

[The following was received for the record:]

ADDITIONAL INFORMATION PROVIDED FOR THE RECORD BY ARTBA

The Federal Highway Administration estimates that each $1 billion of highway construction work generates the following amounts of employment:

	Amount
Employee years on site	17,400
Employee years off site	17,500
Employee years of induced employment	49,000
Employee years, total employment	83,900

The President's proposals call for reductions in the Federal-aid highways obligation ceilings of $1.15 billion in fiscal year 1980 and $350 million in fiscal year 1981, a total of $1.5 billion.

The amount of employment lost by this action depends in part on the amount of state matching money involved in the affected projects. If it is assumed, for example, that one-half of the projects deferred are 90-10 projects and one-half are 70-30 projects, the calculation would be as follows:

	Millions
Federal-aid for 90-10 projects deferred	$750
State matching	83
Total projects deferred	833

Resulting in 104,833 employee years of employment lost; plus:

	Millions
Federal-aid for 70-80 projects deferred	$750
State matching	225
Total projects deferred	975

Resulting in 122,704 employee years of employment lost.

The grand total loss of employment under this set of assumptions is 227,537 employee years of employment.

The cost of delay attributable to price inflation is directly related to the rate of inflation in the highway construction industry. We agree that it is essential that Federal actions be taken to reduce inflation.

The postponement of necessary highway construction adds significantly to the cost of operating motor vehicles. Driving on poor roads adds substantially to auto repair bills through increased engine wear and tire wear. Fuel efficiency is reduced on bad roads, making it more difficult to achieve energy savings. Increased accident costs result in higher insurance premiums. All of these hidden costs fuel the fires of inflation.

Mr. HOWARD. Does anyone have any comment on what the effect might be, if any, should the Congress set an 80,000 pound weight for the interstate? We know that 35 or 36 States have it now, and there is a barrier, so there is an economic problem with the fact that 11 or 12 States may not have that and happen to create a barrier from North Dakota to Louisiana.

Having your States go up to 80, and the anticipation of others going up, for it, against it, with additional taxes being paid by the trucks, would anyone care to take that?

Mr. MANNING. Mr. Chairman, in our State of Idaho we already meet those requirements, on both weight and length. I think we're probably the most liberal in the Nation, or awfully close to it——

Mr. HOWARD. That's one of the few areas that Idaho is the most liberal. [Laughter.]

Mr. MANNING. That's correct. You could say that.

Mr. HOWARD. That has only been a few years, then, because you were all under the 73,280 pounds until the 1974 act. What's the difference——

Mr. MANNING. We do see a great increase in the truck traffic as compared to automobile traffic, and the wear on the system is certainly showing it. In our State at least we feel there needs to be an increase in the truck tariffs in order to pay for the extra wear.

Mr. HOWARD. How about public transit, increased buses? Would that be in the same category?

Mr. MANNING. To some degree in the urban areas, but most of that is involved in intersections and special lanes, things of that nature.

Mr. HOWARD. Do you find much of a safety difference because of the weight increase over the last 5 years, or whenever you increased it?

Mr. MANNING. We have a considerable problem in some areas of the State, where we have logging and other kinds of trucking. In one particular area we have a new port facility that feeds into the Columbia River out of Lewiston, Idaho, in the northern part. We bring something like 300 trucks a day or more out of Montana. That has caused a considerable problem in that particular area with overloads.

Mr. HOWARD. Because of the weight or because of more trucks?

Mr. MANNING. Both weight and trucks, and in some cases violations of the law.

Mr. BULLEY. I think in response to the question on buses, one of the things that affects obviously the life of the pavement and the deterioration of the pavement is the repetitions of axle loads and, of course, your trucks generally have many more axles than do your buses, so you have more repetition from the higher loaded trucks than you do perhaps from the equivalent axle loading on a bus, where you have maybe two or three axles at the most on a bus.

Mr. HOWARD. Considering there is a certain amount of commodities carried in trucks on the highways, the fact that a State may have only permitted 73,280 pounds before and now for the past several years has permitted 80,000 pounds, would that mean there would be fewer trucks and might that in any way balance the problem of the road wear that is certainly increased by the heavier weights?

Mr. BULLEY. Mr. Hunter comes from a State which is right in the middle of that ban that you talked about, and he may wish to comment.

Mr. HUNTER. We are one of the States, Mr. Chairman, that does not permit the 80,000 pound truck, or the 20,000 and 34,000 axle loads at this time.

Mr. HOWARD. Then you can't tell us what happened because of the 80?

Mr. HUNTER. Yes, sir, I can, because in three of our metropolitan areas, because another part of our State law where trucks are permitted to operate at 22,400 pounds axle load with no gross maximum——

Mr. HOWARD. But that's not interstate?

Mr. HUNTER. Anything—Well, no, 80,000 on the interstate. But in those areas, we do design, and have been for a number of years, heavier pavement, heavier bridges, to accommodate those loads. So we have some information there.

We also, as you know, had three national test roads. One of them was in Maryland, and the last one was in Illinois. There was one in one of the Western States, Utah. The one in Illinois was the most recent. That was a rather comprehensive test operation.

We learned from this that we could expect about an 18 percent reduction in pavement life with those increased loads, from 18 to 20 and from 32 to 34. We also developed some satellite studies in Missouri, as had been recommended from that test study, trying to carry on research from that.

We took the position in our legislature that we would not oppose the increase to the 80,000 pound load as had been made permissive by the Congress on the Interstate System in 1974, provided the trucking industry agreed to increase fees to offset those costs of reduction in pavement life.

We also ran some maintenance costs in the areas where we have the 22,400 pound load versus the others, and realizing a large part of our system was built with 18, 20 and 22 foot pavements in the twenties and thirties, and had been overlaid but still carrying those loads, we agreed to settle for a 20 percent increase in fees.

The trucking industry actually agreed to increase their fees 25 percent for those trucks that could accommodate those loads. So we are not opposing it.

But the consumer protection people, those committees in the legislature have stopped it so far in Missouri. We agree, you know, that since all the States west of us accommodate those loads, that it is a serious problem changing those trucks there.

One thing I do think is important——

Mr. Howard. Do you have the same weight on the noninterstate as for the State?

Mr. Hunter. Right.

Mr. Howard. You don't have a difference, then?

Mr. Hunter. No. In fact, there was legislation when at that time they attempted to go to 90,000 pounds on other than the interstate, and that legislation did pass in Kansas, Oklahoma, and Nebraska. But we opposed it and it is not in Missouri. That was before they approved it in the Congress for the interstate.

One thing that I think people must bear in mind when we're talking about truck weights, as Mr. Bulley said, is that we're talking about repetitions of these heavy axle loads. This is what we found in this research. When we talk about heavy trucks, too many people think we're talking about those 18-wheelers. There are a lot of heavy trucks out there that are not 18-wheelers. Those dump trucks, ready-mix trucks, there are many of those that do operate at maximum all the time.

Our studies on the 18-wheelers indicate that not that high a percentage of them operate at the maximum weights in that area anyhow. A steel hauler does, but produce and many other things, they don't operate at that weight anyhow.

Mr. Howard. If you're going to resurface a portion of the interstate, having gone to 80,000 pounds, would you repave that to a greater thickness or higher standard than you would have repaved it if you still had the 73,280?

Mr. Hunter. Yes, sir, it would be done for that 20,000 and 34,000 pound axle load. In fact, in anticipation, since the Congress has taken this action, we changed the bridge design about that time, so we're building heavier bridge decks because of this.

Mr. Howard. Heavier than you need to now because of what may come?

Mr. Hunter. Yes.

Mr. **Manning**. Mr. Chairman, in the State of Idaho we had one segment of interstate that we designed based on the 20-year projection of truck loadings on that segment. Subsequent to that we allowed triples—that is, triple units—along the interstate, and even with the allowance of triples, the truck traffic has increased so rapidly that the axle loadings have reached that 20-year projection in about 13 years. We're having to rehabilitate the interstate about 7 years sooner than we had anticipated we would. So the truck traffic is growing quite dramatically, even though we have pretty liberal allowances on the weights and, as a matter of fact, allowed triples.

Mr. **Howard**. What is the major objection to having 80,000 pounds—you know, most of the States have it; a few do not. It is because of the cost of maintenance.

Mr. **Bulley**. I think that's it.

Mr. **Hunter**. Yes, sir.

Mr. **Howard**. You know, the big problem is the inefficiency, that you can't go coast to coast with a full truck. You can go through all the States that have the 80, and when you get to the barrier State, you have to either unload and put it in another truck, or go all the way with less than capacity, or go through illegally, and perhaps a lot of them do.

Suppose Missouri were picked as one of the States where they were going to have an avenue from East to West, and not all 11 States down there, but just maybe Missouri—I don't know if there's another one blocking——

Mr. **Hunter**. And Illinois.

Mr. **Howard**. If you had Missouri and Illinois, that would get them through. Suppose we just took one interstate highway there and have a special program with specially designed roads, and additional Federal funds for that road; do you think the State people might go along with having that corridor so that we could get the most fuel efficient transportation without having additional trucks on the road?

Mr. **Hunter**. Well, I think that thought has merit. I would point out——

Mr. **Howard**. It's a brand-new thought. It hasn't been thought for more than 2 or 3 minutes. [Laughter.]

Mr. **Hunter**. The problem as I see it with that—I really think that the trucking industry is willing and should pay that additional cost.

Mr. **Howard**. Even though they may be willing, the State legislature——

Mr. **Hunter**. Right. It is very difficult for enforcement people to handle those trucks on one system and not on the other. Those goods are not all traveling across the State. In any State, the trip length even on trucks is not really all that great. So they would have to get off and get on other routes, and that's——

Mr. **Howard**. Then if they get off the interstate, you would have to insist—You know, I'm talking about the fact that the barrier States, not to interfere with the traffic around your State, but say coast to coast traffic, or pretty much coast to coast, where it could go full with the 80,000, where the barrier States make a difference in what they can put in their truck.

pages tightly bound best copy available

Mr. Hunter. As I said, we think it can be handled, and we think there's no question about it. We have all this research backing us. I think in having done all the very expensive research having this knowledge, we should try to provide the moneys it takes to handle those additional axle loads.

Mr. Howard. No matter what the truck weights are, I would presume you would feel there should be, as there is in the bill introduced, which unfortunately we can't bring up in this Congress, that there should be a sizable increase in the amount of money for resurfacing on the interstate more than there has been in the past.

Mr. Hunter. Right.

Mr. Howard. That seems to be money that's being utilized much faster than it's available.

The gentleman from Illinois.

Mr. Fary. Thank you, Mr. Chairman.

Any of you gentlemen can answer this question, if you will. Can you comment on the impact of changes in truck lengths on truck drivers, public safety, and on the highways?

Mr. Manning. Mr. Chairman, our State has probably had as much experience as any, the State of Idaho. We have the maximum, I believe, if I'm not wrong, of 105 feet. We have had practically no accidents on those trucks. They trail very well. They trail better than doubles. We have had very few accidents.

We do have a spray problem on wet highways, so we do restrict them in times of inclement weather and slick surfaces. The unions and the drivers are very much opposed to the triples and the very long truck lengths because, I believe, it probably takes jobs. The industry, of course, is very much supporting them. But we have not seen a degrading of the safety involvement with long trucks.

Mr. Bulley. Mr. Chairman, if I might comment on that, from the State of Washington's standpoint, the transportation commission recently had a hearing in regards to a request to use triples, which would increase the legal length from 65 feet to 105 feet. I believe it might point out the various geographical and geological differences that exist throughout the Nation—for example, you talk about the ban in the Mississippi Valley area where the truck weights are less than the 80,000, obviously their soil conditions through that area are more difficult to construct a highway that would accommodate 80,000 than in other areas where the soil conditions might be more stable.

Then you take the climatic conditions. In the State of Washington, we get a little rain out there once in a while. On the interstate, if we go to 105 feet, and much of the concern that was expressed by the public—and although, as Mr. Manning indicated, the record does not show an increase in accidents, there is a great deal of apprehension by the public of passing a 105-foot vehicle or being adjacent to it, rather than a 65-foot vehicle, because of the tremendous splash and spray.

Now, the industry has made many, many tests to try to reduce the splash and spray, but none of them have been very effective yet. So these are the types of things in terms of safety that were expressed.

One other factor that was expressed by the public, very strongly, was the fact there are so many smaller vehicles on the road today than there were 8 or 10 years ago—50 percent of the cars sold in the State of Washington since 1973 have been small vehicles. I think a person feels less comfortable driving a small vehicle, say, at the same speed, because the speed limit is 55 for both trucks and cars, at the same speed as a larger truck.

Maybe some of it is psychological; maybe some of it is real. But I think that "white knuckle" attitude does prevail in the eyes of the public to the larger vehicles.

Mr. HUNTER. If I may say something about the truck lengths, we very seriously opposed increasing truck lengths at that time above 50 feet. A number of years ago, when we had mostly two-lane pavements. The studies are quite illustrative of the additional time and distance that it takes on overtaking and passing that vehicle, whether wet or dry. You know, it takes a lot greater distance to overtake and pass that vehicle. This is a safety problem on two-lane highways.

But as we developed the freeways, the dual-lane highways, we saw this as less a problem and we did not oppose increasing those lengths. In fact, we supported the 65-foot double bottom vehicle because it actually does a better job of maneuvering at the interchange ramp terminals and these kinds of things, where the semitrailer truck has a lot of difficulty with getting off of the pavement and hitting signs and all these things.

But we operate with 65- and 72-foot vehicles legally in Missouri and there is no problem on the freeways. But when you get on rolling terrain, on two-lane pavement, the passing opportunities are very, very short.

Mr. FARY. What is the impact of letting 80,000 pound trucks have access to roads leading to terminals, gas stations and so forth?

Mr. HUNTER. All those roads are going to have to be beefed up to take those loads. So we're talking about cost. So I would say, in answer to that, as well as in answer to the longer trucks, if we're really going to get on with the kind of program that Chairman Howard and you people in the Congress envision with the 1978 Surface Transportation Act, and really get some of this work done, then I think that's less a problem. But we're looking at a problem right now where we're falling farther and farther behind. We're not making the progress we envisioned when that was enacted.

Mr. FARY. One other question.

What's the maximum in Illinois?

Mr. HUNTER. It's 73,280, like it is in Missouri. Missouri, Illinois, and Indiana are all 73,280 at this time, I believe. I don't think Indiana changed that this year.

Mr. FARY. Do any of you other gentlemen want to make a comment on that?

All right. Thank you very much. And thank you, Mr. Chairman. I yield back.

Mr. HOWARD. Thank you very much for your appearance and your statements, gentlemen.

The subcommittee stands in recess until 10 a.m. Monday.

[Whereupon, at 4:20 p.m., the Subcommittee on Surface Transportation was recessed.]

blank page

SURFACE TRANSPORTATION ACT OF 1980 AND THE ADMINISTRATION'S PROPOSED PUBLIC TRANSPORTATION AMENDMENTS OF 1980

MONDAY, APRIL 21, 1980

House of Representatives,
Subcommittee on Surface Transportation,
of the Committee on Public Works and Transportation,
Washington, D.C.

The subcommittee met, pursuant to notice, at 10:04 a.m., in room 2167, Rayburn House Office Building, Hon. Robert W. Edgar presiding.

Mr. Edgar. The Subcommittee on Surface Transportation will come to order.

The hearing this morning has been reserved to consider issues relating to ridesharing, in its conventional forms of carpooling and vanpooling. Since the time of the first ridesharing hearings held by this subcommittee in May 1977, the Congress has enacted section 126 of the Surface Transportation Assistance Act of 1978.

Section 126 authorized the first categorical grant program for ridesharing projects. For this fiscal year, $3 million was appropriated for the new program. Section 126 also authorized the first coordinated program within the Department of Transportation to promote ridesharing, and $1 million was appropriated for this effort in fiscal 1980. Also enacted was a statutory requirement for a study by the Department of Transportation to consider the administrative effectiveness of the Department's ridesharing programs. This study was due to be forwarded to Congress by March 31, although it has been delayed.

This subcommittee, during a number of hearings held within the last 2 years, has received voluminous testimony on the benefits of ridesharing. We have received testimony indicating a number of specific savings: To the Nation in the form of energy conservation, improved mobility, and pollution reduction. We have also seen the benefits to ridesharing sponsors in the form of decreased parking costs, improved employee dependability and morale, an increased pool for labor, and also to ridesharers in the form of savings in commuting costs.

We can all agree from the start of these hearings that it makes sense to encourage our citizens to double up whenever possible.

The purpose of this hearing is not to establish that we need to encourage more ridesharing. This need has already been established as a result of hearings in this subcommittee and the Investigations and Review Subcommittee, chaired by my colleague Norm Mineta from California. The purpose today is to explore specific steps we can take, both statutorily and otherwise, to increase ridesharing opportunities where they are needed and desired.

On March 28, I introduced with 22 cosponsors H.R. 6964, the National Ridesharing Act. This bill is one of several that have been introduced or are circulating in draft form exclusively addressing ridesharing issues. I introduced my bill to start the dialog on ridesharing, and certainly do not believe that it is or should be the final word on how we need to approach ridesharing programs legislatively. During this hearing, I anticipate that the testimony will spark many more ideas and perhaps a different approach to the common goal which we share—voluntarily increasing the average vehicle occupancy which approaches 1.2 during rush hours.

Specifically, I am interested in getting the views of those testifying today on some of the following questions:

First: What is the appropriate Federal role in providing financial assistance and other assistance for ridesharing activities?

Second: What Federal policies are there now which inhibit ridesharing, and how can these policies be modified to minimize the undesirable impacts on other modes?

Three: Are the various Federal programs to encourage ridesharing, in the Department of Transportation, the Department of Energy, and other agencies and departments, being administered effectively? Would consolidating all Federal ridesharing programs within a single office result in efficiency and cost-effectiveness, or would it stifle innovation and interagency competition? If a single ridesharing office is desirable, in which agency or department should the office be located?

Four: How can Federal tax policy be made more sensitive to encourage ridesharing?

Five: What progress has been made in removing legal and regulatory barriers to ridesharing, and what further progress needs to be made?

And, finally: Has the insurance issue been resolved satisfactorily?

Of course, I do not expect to find a consensus on each of these issues. Those appearing today represent diverse interests, experiences, and perspectives. I do feel strongly that the testimony we will hear today, and that which will be submitted for the hearing record, will form the foundation of any effort which may be made to change ridesharing law either this year or next year.

For the record, I would like to note my appreciation for the interest that transportation experts have shown in seeking to testify personally today, despite the unfortunate short notice all witnesses have received. I want to express my appreciation for the personal sacrifice of some of today's witnesses, who have canceled other commitments to appear before us today.

I would be remiss if I did not share with my colleagues the desire of both Secretary of Transportation Neil Goldschmidt and White House ridesharing task force chairman, Los Angeles Mayor Tom Bradley, who wanted to appear but could not. They were precluded from appearing in person because of other commitments, but I look forward to hearing the testimony of their representatives. I would also like to note that many of the Nation's ridesharing experts are participating this week in the annual meeting of the National

Association of Vanpool Operators in Tampa, Fla. I and my colleagues on the subcommittee wish the best to those who are attending that meeting. Finally, I would like to thank the chairman of this subcommittee, Congressman Jim Howard, whose leadership made this hearing possible today.

Let me first ask if Roy Coughlin is in the room.

[No response.]

Mr. EDGAR. Roy Coughlin is with the White House task force on ridesharing, and was to return a phone call last week to find out whether he was going to appear. We will move to our next witness.

Our first witness this morning will be Tom Downs, Associate Administrator for Planning in the Federal Highway Administration, and I would like him to introduce the person with him this morning. We really welcome you here and look forward to hearing your testimony.

TESTIMONY OF THOMAS M. DOWNS, ASSOCIATE ADMINISTRATOR FOR PLANNING, FEDERAL HIGHWAY ADMINISTRATION, DEPARTMENT OF TRANSPORTATION, ACCOMPANIED BY ROBERT H. McMANUS, ASSOCIATE ADMINISTRATOR FOR PLANNING, MANAGEMENT AND DEMONSTRATIONS, URBAN MASS TRANSPORTATION ADMINISTRATION, DEPARTMENT OF TRANSPORTATION

Mr. DOWNS. Thank you, Mr. Chairman. I would like to introduce Bob McManus, the Associate Administrator for Planning, Management and Demonstration at the Urban Mass Transportation Administration. As you mentioned, I also bring my apologies from Secretary Goldschmidt, who really would have liked to have been here this morning, but the shortness of the notice precluded him from changing his schedule.

I would also like to personally thank you and the members of your committee for the interest and the support that you have shown to ridesharing. I know that you are personally a member of a carpool, and have been for some years. The committee has not only initiated important ridesharing legislation, but has assisted the Department in seeing that the legislation is implemented effectively. This is demonstrating to the American people a real desire to try and solve some of the transportation and energy problems they face daily.

Ridesharing, especially its carpool component, has always been an important element of the Department's program to develop and promote effective and efficient travel alternatives to solo-driven auto trips. The 1973–74 oil embargo gave impetus to national concerns for more efficient use of our energy resources and, in particular, spurred departmental actions to actively encourage and support programs for carpooling and for the emerging concepts of vanpooling and buspooling. Thus, a national commuter-ridesharing effort was begun, and nothing has so vividly highlighted the essential need to further improve and expand our ridesharing effort as the continuing energy supply and price problems which increasingly tax our Nation's mobility needs.

We estimate that 15 million Americans, or 21 percent of all commuters who use a vehicle, use some form of ridesharing as their principal means of commuting. But there are another 50 million single-occupant vehicles with 150 million empty seats that represent a monumental transportation and energy waste. We therefore believe that ridesharing can and must be used increasingly to try to curb this wasteful occupancy and energy use.

UMTA has used over $3 million in its service and methods demonstration program to test various ridesharing concepts. Through our program emphasis areas, the Federal Highway Administration has strongly encouraged State and local officials to use apportioned Federal-aid highway funds for ridesharing projects. In 1979 alone, States obligated over $41 million in Federal-aid funds for such projects. Because ridesharing offers many benefits, including the ability to squeeze more people-moving capacity out of the highway system instead of adding more lanes, we expect this trend to continue even though FHWA's obligation authority has been reduced to fight inflation.

The Department launched the national ridesharing program in 1974, which we believe helped expand and strengthen ridesharing participation throughout the Nation. A series of workshops will be held over the next 5 months to assist both public and private employers and employees who wish to establish or expand a ridesharing program. These workshops will include:

First: Workshops to assist State and local ridesharing agencies in making their ridesharing programs more effective;

Second: Workshops to assist private employers to establish their own ridesharing programs; and,

Third: Workshops for State and local government employees.

The Department has developed a vast array of ridesharing technical publications tailored to the specific needs of private employers, planning agencies and the public at large. I have a stack of those documents here, and I will be glad to leave these with the committee.

The Department, working with the National Committee on Uniform Traffic Laws and Ordinances, has developed a model State law designed to remove legal impediments to ridesharing at the State level. Mr. Louis Nickinello, who is a member of the Massachusetts Legislature and head of the State Transportation Committee in the house in Massachusetts, who is also a member of the President's National Task Force on Ridesharing and is a member of the Transportation Committee of the National Council of State Legislatures, has agreed to endorse this national model law and to encourage other State legislatures throughout the United States to adopt it. They have had some success already in doing so.

In addition, the Department, working with the national task force on ridesharing, is launching a major effort to get top-level commitment from both business leaders and Government officials to start or expand ridesharing programs. To support this effort, FHWA has established the National Ridesharing Information Center, including a toll-free number that will officially open for business on Monday, May 12, the beginning day of National Transportation Week.

I would like to emphasize that these departmental efforts are, in fact, jointly planned, coordinated, and often jointly funded activities undertaken by the affected departmental units, FHWA, UMTA, and the Office of the Secretary. In this way, we hope that we maximize the available program resources in order to meet the complementary objectives of both FHWA and UMTA.

I would like to address now some specific points in your proposed legislation. We support the codification of national ridesharing policy proposed in the bill. The Department has adopted these basic goals in its national ridesharing program to promote increased nationwide participation in ridesharing in order to conserve energy, reduce air pollution, and reduce traffic congestion.

The bill would extend the definition of eligible recipients of discretionary carpool/vanpool funds to include recipients of UMTA section 3 and 5 funds. Transit operators have been eligible recipients under the Department's guidelines for discretionary grants and normal Federal aid. There were several transit operators who were selected for funding under the national ridesharing demonstration program. In addition, some transit operators are using eligible Federal-aid highway funds as a regular funding source in their ongoing ridesharing programs. Formal acknowledgment of their eligibility as recipients would help transit operators recognize the expanding family of services they could, and in some cases are, offering to the public.

The bill would also require the establishment of a National Office of Ridesharing, directly responsible to the Secretary, to perform studies, report annually, and to provide technical assistance. We believe that the Department's current organizational approach to administering ridesharing programs is partly responsible for the enthusiasm we see building for ridesharing in both the public and private sectors.

Recognizing that the single largest source of available Federal funding for ridesharing lies in the Federal-aid program, the Secretary has delegated overall responsibility for the program to FHWA. We, in turn, closely coordinate with UMTA and other offices.

In the fall of 1978, we specifically established a ridesharing branch in the Public Transportation Management Division as a focal point for all ridesharing activities. In this way, the Department recognizes that both modal agencies, FHWA and UMTA, have continuing program responsibilities for energy conservation, and that both must work with their respective constituencies to provide the public with more alternatives to the solo driver, especially for the commuter trip.

Statutorily, the greatest resource for carpool and vanpool projects lies within the $4 billion annual Federal-aid highway program with its ability to support ridesharing, to provide incentives such as preferential lanes and fringe parking facilities, and to acquire vanpool vehicles. The Department is committed to working with State and local officials to encourage and assist them to redirect greater portions of their apportioned Federal-aid funds for ridesharing and transportation system management projects and to see ridesharing not as competing with other public transportation modes, but as a concept that serves a market segment within the urban public transportation system.

We therefore believe that the Department's present organizational structure is efficient and effective in providing both technical and financial ridesharing assistance.

The bill requires, after January 1, 1982, that Federal assistance for ridesharing projects in an urbanized area be based on the 3-C, comprehensive, cooperative, continuing, planning process. All Federal-aid ridesharing projects in urbanized areas are currently required to be in conformity with the 3-C planning process, and this has been done through the regulatory process.

The bill further provides increased and extended authorization for discretionary carpool/vanpool grants: in fiscal years 1981 and 1982, at $20 million each. This level would cause, we fear, a substitution reaction, a rush to use categorical instead of apportioned funds, which may, in fact, lead to a reduction in the amount of apportioned Federal-aid funds States elect to use for ridesharing projects. This would be most unfortunate, as we are trying to emphasize to the States that they must increasingly use their apportioned Federal-aid funds to capture the most transportation value out of their existing highway network and not just to add more lanes unquestioningly.

The administration's transportation energy initiative, submitted to the Congress last September, included a $250 million per year auto-use management program. The principal intent of this program is to encourage States and cities to redirect a greater portion of the regular Federal-aid highway funds into projects that improve the management of the existing transportation system. Specifically, $200 million per year would be used as leverage or "sweetener" funds to increase the Federal match to 90 percent for such energy-conserving projects as carpool/vanpool programs, reserved bus and carpool lanes, bicycle and pedestrian facilities, and monitoring compliance with the 55-mile-an-hour speed limit. The remaining $50 million per year would provide discretionary grants at 90-percent Federal share to support particularly innovative or effective transportation energy conservation projects. Ridesharing projects, including incentives such as reserved bus and carpool lanes, are a clear example of how we can provide transportation services to the motoring public without impairing safety or personal mobility.

I want to thank you for your tenacious support of ridesharing and the unfailing assistance you have given the Department's efforts in this regard.

I do not know whether it is appropriate to try and run your list of questions, since you posed them first. Let me just try and give a brief answer on each of the questions that you had outlined.

The first one was, what is the Federal role in assistance to ridesharing. I feel that ridesharing is a unique national program, almost a citizen's response to a national concern. It has started from the grassroots, and it has the advantages of being a program that can be provided by individuals on their own, in voluntary cooperation and association with each other, without requiring much from the Federal Government except information and encouragement.

I think the larger the Federal dollar role gets into the ridesharing program the greater the potential for problems, in other words, massive dollar programs going into the ridesharing program will have both the effect of cutting off some initiative on the part of the individuals and also ultimately needlessly burdening it with a lot more paperwork and redtape than the program deserves.

The voluntary aspects of ridesharing are probably its ultimate strength—that there is a voluntary driver, there is voluntary maintenance, it is a voluntary association of individuals. I do not think that it is particularly suited to a large scale—say, several hundred million dollars worth of Federal funds being injected into it.

I do think that there is a Federal role for providing information and for providing support for carpooling and vanpooling. I think the Federal role is primarily to help these voluntary associations meet their own ends by eliminating redtape, roadblocks, and legislative hinderances to the ridesharing program.

In terms of Federal policies that inhibit the formation of ridesharing, I think a lot of them fall in the area of tax policy. The questions of driver-incentive mileage, the question of the investment tax credit, and the kinds of financial incentives that can be provided to individuals and corporations in assisting in the formation of carpooling and vanpooling are probably critical.

Are the programs administered effectively? I think so as far any program that has started almost outside of the Federal Government, as has been with carpools and vanpools in operation in the United States for a number of years—longer than there probably has been an active interest on the Federal Government's part in ridesharing. The programs sprang up in a number of agencies in response to diverse needs—in the Department of Energy, the Department of Transportation, the Federal Highway Administration, and the Urban Mass Transit Administration.

I do think we are now to the point where there is an effective locus in the executive branch. The meetings between Secretary Goldschmidt and Secretary Duncan affirmed on both of their parts that the ridesharing responsibilities in the executive branch rest with the Department of Transportation. Recently, the Secretary has been very clear that the responsibility, administratively, within the Department of Transportation for ridesharing rests with the Federal Highway Administration.

In other words, to answer that question, I think we are at a point where there is an effective administration of the program.

Is a separate office of ridesharing necessary or desirable? I think it is, and I think we do have one in the Federal Highway Administration now. The unique function of the Department of Transportation is such that when the Department was formed, the Department was broken down the middle between modal administrations that were responsible for carrying out operating line programs—administrations that had a field structure and a responsibility for talking with State and local governments—and those assistant secretaries within the Department that have internal functions in budget, policy, and intergovernmental affairs, who do not have program delivery responsibility.

I think that to do an adequate service to the ridesharing program, it should be placed as a separate office within the modal administrations. For instance, in the Federal Highway Administration we do have an office in each of the State capitals in each of the States. We have the ability to talk, on a day-to-day basis, with the members of the State departments of transportation and State energy offices. We have been pushing ridesharing very energetically over the last 2 years.

In terms of the insurance problem, I think there is a problem with the concern of catastrophic loss in the insurance industry over vanpooling, especially; the problem with the insurance companies looking at a vanpool that has 12 to 15 members in it, each of them being perhaps the chief breadwinner in the family, and the potential loss in a number of these cases ranking in the millions of dollars.

I think the catastrophic loss problem is the main concern that a number of the insurance companies have in their refusal oftentimes to insure vanpools. I think there probably is a role that the Federal Government can play in that. We have not looked at all the options yet, because the insurance committee of the President's ridesharing task force has not made its final report. But I do think there will be a Federal role, especially in the insurance area.

That concludes my remarks, Mr. Chairman.

Mr. EDGAR. Thank you. Before moving to questions, I would like to recognize the fact that Roy Coughlin is in the audience and has joined us. He is not planning to testify, but I would like to share my appreciation for his coming for a few moments this morning. He is with the national task force on ridesharing, and we look forward to its report and working with it on the issue.

Tom, as you indicated, I do participate not only legislatively in vanpooling and carpooling, but I have infiltrated your office, as you know, because one of the four or five members of my carpool happens to work with the Department of Transportation. He is somebody that we have captured along the way coming in from Annandale, Va., a few months ago who has come in with us every day since.

It is good to chew on his ear every once in awhile about transportation issues generally, but specifically issues related to vanpooling, carpooling, and ridesharing.

I want to commend the Department of Transportation for their interest in the issue. I think you have begun to work very aggressively in a couple of areas focused on the issue of ridesharing.

As you indicated in your final comments, this grew out of a response that was not top down, but bottom up, in the sense that private sector voluntary groups were, in fact, very highly involved in ridesharing and vanpooling far earlier than State departments of transportation and Federal Department of Transportation.

In light of the energy crisis that we faced in 1973 and again in 1979 and the ongoing lack of supply of gasoline and fossil fuel oil and some anticipated shortfalls in the future, I think all of us have become aware that ridesharing and vanpooling initiatives are a good way to increase ridership and decrease the consumption of gasoline.

We have seen here in Washington the valuable use of separate lanes for vanpooling and carpooling. We have seen, in some instances, park-and-ride lot establishments and other interfaces with vanpooling, and it has been a very creative effort.

I guess the one thing that concerns me a little bit about the Department of Transportation's activities is that it seems a little bit—and perhaps I am not seeing inside the Department and that is why I am going to ask the question—it seems a little bit as though, in response to section 126 of the Surface Transportation Act of 1978 and in response to your mandated duties to set up an office that focuses on vanpooling and carpooling, that there is a great deal of activity centered around existing vanpooling and carpooling programs.

Yet, the intention behind section 126 was that it would be a new program with new requirements, new goals, and new selection criteria, and that there would be a new effort. I wonder if you could focus for a moment on how you view the work inside the Department of Transportation as being new and creative as opposed to just maintaining the existing flow of operations with vanpooling and ridesharing.

Mr. Downs. The decision was made on the extra $3 million that was put into the Department's budget on ridesharing out of 126 that the funds should flow as rapidly as possible. We had a number of proposals that were in already from round one of the Secretary's dissemination and demonstration program. Several of those were for new starts; several of them were for expansions of existing facilities.

We did that on the basis that those people were the most interested in expanding their services; they were highly interested and highly motivated, willing to put additional local money into the programs themselves. They provided the match and they were aggressively pursuing any funds that they could in terms of ridesharing.

So in the interest of time alone, we felt that we should probably pick off the existing list of applicants that were already on board for the first round of selection on ridesharing projects, recognizing, though, that the intent behind 126 was to provide additional funds as an incentive to start new programs.

In addition, the Secretary several weeks ago had made the determination—and had requested from OMB and received consent on it—to ask for the additional $5 million that was available for this fiscal year in the 126 program. OMB has agreed to the request in terms of also making them "no-year" funds, which means that they will be available beyond this year. That request, if not already over here, should be over here very shortly for a supplemental, asking for the remainder of the authorization for ridesharing for this year.

Those are the funds that we hope will be used for the expansion in new areas where communities have not thought at all about ridesharing, and that would make the full $9 million for the year.

Mr. Edgar. Could you give us for the record a list of the organizations that will benefit from this year's funding, and also include a list of organizations or groups that benefited from last year's commitments?

Mr. Downs. We would be happy to.

Mr. Edgar. Thank you.

[The following was received for the record:]

FHWA Submission

The organizations that we anticipate benefitting from the ridesharing demonstration funds recently appropriated from the Section 126 authorization include the following:

STATE AND PROJECT SPONSOR

Alabama: Birmingham Regional Planning Commission.
California: Orange County Transit District "Come Together"—SCAG. San Joaquin Council of Governments.
Connecticut: Westport Transit District.
Idaho: Ada County Highway District.
Indiana: City of Indianapolis.
Maryland: State Mass Transit Administration.
Michigan: West Michigan Regional Planning Commission.
Minnesota: Twin Cities Metro. Transit Commission.
Nebraska: Omaha Metro Area Transit/South-West Iowa Planning Council.
New Jersey: State Department of Transportation.
Pennsylvania: Economic Development Council of Northeastern Pennsylvania—SCORE.
Texas: Fort Worth Transportation Services Information Center.
Wisconsin: Dane County Regional Planning Commission.

The organizations that will be benefitting from the ridesharing demonstration funds developed last year from within the Department of Transportation include the following:

STATE AND PROJECT SPONSOR

Massachusetts: State Department of Public Works.
Pennsylvania: Delaware Valley Regional Planning Commission.
Virginia: Tidewater Regional Transportation District Commission.
North Carolina: State Department of Transportation.
Georgia: State Department of Transportation.
Mississippi: Central Mississippi Planning Commission, City of Jackson.
Kentucky: Kentuckiana Regional Planning and Development Agency.
Ohio/Kentucky/Indiana: Council of Governments.
Michigan: State Department of Transportation.
Illinois: Chicago Regional Transit Authority.
Texas: Metropolitan Transit Authority of Harris County. Energy Conservation Program, San Antonio.
Nebraska: City of Lincoln.
Colorado: State Department of Transportation.
California: Southern California Association of Governments.
Oregon: Tri-Met Transportation District.
Washington: Seattle-King County Commuter Pool.

Mr. EDGAR. What is the status of the $1 million which was appropriated in fiscal 1980 to be used by the Secretary to promote ridesharing and to provide technical assistance?

Mr. DOWNS. There are a series of activities going on in terms of the $1 million. Probably the most visible of them are the series of public service spots that have been shown throughout the country on television on the promotion of ridesharing. We have had a tremendously positive response from that particular activity.

Some of the other activities that have generated a lot of response have been what I have perceived to be at a relatively low cost and have been low key, but have generated a tremendous information request.

We had a small flyer in the Kiplinger Newsletter, simply saying that if you were interested in information on ridesharing, please send in a request for information to the Department of Transportation. That is a relatively small newsletter and very targeted. We have received so far over 4,000 requests for information off of that one small flyer.

The remainder of the activities are broken down in terms of support for the President's National Task Force of Ridesharing, which is about $70,000. The Ridesharing Information Center, with a toll-free hotline, is about $400,000 over 2 years, or roughly $200,000 a year. The executive loan program to loan individuals from a corporation who has successfully implemented a corporate ridesharing program into another corporation, or bring private sector individuals into the Federal Government to help us assist other corporations in setting up ridesharing programs, is about $70,000. The national ridesharing workshops all over the United States for public and private employers is about $350,000.

I will submit this list to the committee.

[The following was received for the record:]

FHWA Submission

Our best estimate for use of the $1 million appropriation for promotion and technical assistance is as follows: Support the efforts of the President's National Task Force on Ridesharing ($72,000—1 year); Establish a National Ridesharing Information Center with toll free "hotline" ($390,000—2 years); Support the Executive Loan Program ($70,000); Conduct ridesharing workshops for public/private employers ($350,000); Sponsor 1980 National Ridesharing Conference $20,000; and Transportation System Center evaluation of demonstration projects $98,000.

Mr. Edgar. Let me ask you one question, and then I will move on to my other colleagues who are here this morning. I have a few additional remarks which I will either share at the end or submit for the record.

Do you find any tensions within the Department of Transportation concerning the possibility that ridesharing is a threat to other modes such as public transit or highways?

Mr. Downs. That is an often-held assumption that somehow ridesharing is a threat to transit. We approached it gingerly at first in our approach to UMTA about the ridesharing program, and there was some allusion to the assumption that there was a conflict between ridesharing and transit in a recent Washington Post article, writing about drivers cruising the bustops on the Shirley Highway in order to pick up another individual to fill their carpool out to make the four for the high-occupancy vehicle lanes.

The assumption was that somehow WMATA was losing maybe $100,000 a year in terms of the competition from carpooling, ridesharing and vanpooling. I had a brief conversation with Dick Page about it and he said he does not feel threatened by the carpool/vanpool competition from drivers in the high-occupancy vehicle lanes on Shirley Highway.

He said that it does a number of things. It keeps the transit company on its toes in terms of being competitive, and high-occupany vehicle lanes and carpools result in a transit-dependent population. The more people who use carpools, the more people there are who use the bus either at off-peak or for other trips. What is good for carpooling, vanpooling and ridesharing is ultimately good for the transit system, in that it gets them out of the single-passenger automobile. It accustoms them to transit, and ultimately results in additional ridership for transit systems.

In addition to my response, I would also ask Bob McManus if he could respond to that question from the perspective of UMTA.

Mr. McManus. I would just add a comment that in our demonstration program, we have conducted about eight or nine demonstrations of the use of ridesharing under the auspices of conventional transit authorities. I would be glad to provide some data for your record on this, but the general conclusion is that what happens, as Tom pointed out, is that everything goes up. The use of the transit system goes up, as does the use of carpools and all the other ridesharing modes. This has been shown in several demonstrations that we have undertaken in the program.

There seems to be a state of mind that evolves, and then the transit authority begins to look harder at disaggregating its markets and putting conventional service where it is most cost effective and then seeing that it really benefits if the other markets are dealt with through ridesharing techniques. But the net result is that there is a state of mind that seems to feed on itself, and everybody seems to benefit.

Mr. Downs. Also, there is a compatability long known in the Northeast, that a number of people pick up other passengers on the way to commuter rail and either park at a facility or drop other people off at a park-and-ride facility. It has been going on for a long time, and it is a symbiotic relationship between ridesharing and transit.

Mr. Edgar. What about the competition with intercity areas?

Mr. Downs. Pardon?

Mr. Edgar. Do public transit operators fear more the intercity competition?

Mr. Downs. Intercity?

Mr. Edgar. Within a city, intracity.

Mr. Downs. Within neighborhoods?

Mr. Edgar. Do you find any difference between that and, let us say, sweeping up the Shirley Highway passengers?

Mr. McManus. I think there is a difference, and we have not paid enough attention to it. We plan to run a couple of demonstrations of the uses of ridesharing and conventional transit in innercity neighborhoods, for the very reason that you are indicating. I do not think we know enough about that.

The user of conventional transit in the innercity neighborhoods seems to be able to get to work, but not to get a child to a day care center across the neighborhood before making the transit work trip. And then the time taken to use conventional transit to get in to a transfer point to then make a reverse commute trip is extraordinary. These problems have not been dealt with in recent years. We have focused our attention on problems of special user groups, but we have not looked at the needs for general public transportation service in neighborhoods, and we are planning a couple of major demonstrations on that subject.

Mr. Edgar. Congressman Royer.

Mr. Royer. Thank you very much, Mr. Chairman. I would certainly like to commend my colleague for his efforts in this area; it is something that I have been supporting for a long period; also, Congressman Mineta's efforts as chairman of the Subcommittee on Oversight and Review.

I guess my main concern is how we coordinate all of these efforts in what you are trying to do as far as developing facts, and so on. I think Mr. Goldschmidt's testimony before our subcommittee previously pertaining to this matter indicated very clearly that the things that were going to do the most good were the incentives. The greatest incentive seemed to be the time factor, even though the cost savings and that type of thing were of concern.

I guess what I am trying to figure out is, how do we work out this coordination to make sure that this whole program is developed in a way that the preferential lanes and the parking requirements are taken care of, in coordination with your efforts to make sure that we can pull people together, and so on.

Is there an area of coordination that is being developed to make sure that this works?

Mr. Downs. I do not want to sound self-serving, but I think that one of the strongest incentives is time, and one of our greatest concerns is that there is still a tremendous pressure among local officials and states to utilize their Federal-aid highway funds to create more capacity on their roads to meet projected demand.

There is not an incentive from the local standpoint to utilize the $4 billion worth of Federal-aid highway funds that could be used for the expansion of high-occupancy vehicle facilities and preferential parking. Those funds need to have a federal incentive on them to say that, "We value the kinds of investments that you make that make it easier for people to rideshare, to make it easier to carpool and vanpool, and make it easier for buses," because that is the only future we think we have, especially in congested urban areas.

The only way to place that incentive on there is to say that, "It is 90-10 money and we are putting additional money into that. If you will go ahead and project and plan those kinds of facilities, we will pay you a premium dollar to do so." Otherwise, it is a regular Federal-aid highway project at the same match ratio as any other. We think we have to put a premium on the kind of investments that make it physically easier to carpool, vanpool, and ride transit.

Mr. Royer. Just to follow up on that question, are you indicating, then, that rather than just converting present lane facilities into carpool lanes, you are talking about actual expansion?

Mr. Downs. Both cases, although a number of people around the United States feel very gun shy about converting existing lanes after the Diamond Lane experiment in Santa Monica. There are still a number of successful conversions of existing highway lanes for high-occupancy vehicles for carpools, vanpools, and transit that have been successful and demonstrate that it can be done.

It is painful in the startup process, but it can easily be done, and that is where we think we ought to be making a lot of investment ourselves, in the conversion of those kinds of facilities.

Mr. Royer. Well, at least you certainly are not restricting it to that area, because I think it has been proven in some areas—and I think our area is a good example around the Washington area, coming in; that just converting the lanes, at least, that I travel on 123 and into the parkway, would not be the answer. It seems to me that we could just carry a lot more traffic if we had some additional lanes to go with it.

My concern is that we are not being inflexible to the point that we are concentrating on the conversion versus the expansion.

Mr. Downs. No, no. As a matter of fact, we are saying that we ought to put a lot more emphasis on construction of high-occupancy vehicle lanes versus massive capacity adds in terms of the addition of new, unrestricted lanes, and that every facility, and especially every major urban facility, has to demonstrate that it was infeasible and impractical to put high-occupancy vehicle lanes into a major investment in an urban area.

We are pushing it as hard as we can, and not just in terms of taking existing lanes and converting them into high-occupancy vehicle lanes. We recognize that, especially in urban areas where you are already at capacity and you are at service level F, it is difficult, if not sometimes politically impossible, to convert those lanes over.

Mr. ROYER. Also, as far as preferential parking, I assume that that is another area that is included, not only at the collector site, but also as far as public employees are concerned in facilities in and around those areas?

Mr. DOWNS. A number of——

Mr. ROYER. I am thinking about our own particular area here on the Hill. Can there be an incentive for the employees that are not privileged for preferential parking under your plan if they are in a carpool of, say, three or four or more?

Mr. DOWNS. At least in the Department of Transportation parking lot, in the three floors underneath the Department, 95 percent of the spaces are reserved for carpools or vanpools.

Mr. ROYER. Right at the present time?

Mr. DOWNS. Right.

Mr. ROYER. That is great.

Mr. DOWNS. I would parenthetically add that the strongest incentive to do that in terms of economics is charging for parking, which the Hill could probably stand to do.

Mr. ROYER. Thank you very much, Mr. Chairman. I again want to commend you, because I think this program is probably the most important one we have in the area of conserving energy. As the Secretary indicated in his remarks, at the present time, I think, single passenger cars are simply something we have to get away from. Out of 1.8 million barrels of gasoline we consume per day, 1.4 million are consumed by single-passenger cars, and I think that is a figure that merits changing. Thank you.

Mr. EDGAR. I make a motion that we charge Capitol Hill persons for parking, unless they have a carpool. Hearing no second, I would yield to the gentleman from California.

Mr. ROYER. Mr. Chairman, I would almost be willing to second that, because I carpool too. [Laughter.]

Mr. EDGAR. I yield to the gentleman from California, Mr. Mineta.

Mr. MINETA. Thank you very much, Mr. Chairman. Is it true that you have an articulated sedan?

Mr. EDGAR. No; no articulated sedan. We do have five people in a Horizon. [Laughter.]

Mr. MINETA. As you are aware, we had some hearings in our Oversight Subcommittee on this whole issue of trying to assure the mobility of Americans in case there is a serious energy shortfall.

One of the things that came out of that at the hearings was that it was not nationally brought out, but regionally brought out that there is a conflict between UMTA and FHWA in terms of coming out with a set of regulations on how to do deal with this whole issue of carpooling and vanpooling.

I was wondering if there has been some kind of arrangement agreed to between whatever conflicts there might be between FHWA and UMTA.

Mr. Downs. Two weeks ago, we had a meeting between the two Administrators and the Secretary. An agreement was drawn at that time between the two Administrations as to responsibilities and policy.

I think it is safe to say that I do not think there are any disagreements now left between the Federal Highway Administration and UMTA on the pursuit, the administration of, or the nature of the ridesharing program.

Mr. Mineta. Even though there may be agreement at the top level, will that be pursued to the point that at the regional level, they get that same message?

Mr. Downs. Absolutely.

Mr. McManus. I think the problem has been some ambiguity in our regional organization in UMTA about legitimate uses of our grant resources for ridesharing expenses. On February 28, we did put out a circular to the regional offices that clarified this and made it clear that section 5 funds could be used for ridesharing expenses related particularly to vanpooling and setting up the administrative apparatus for running a brokering operation under the aegis particularly of transit authorities, but also contributing to the costs of such operations in any urbanized area.

Now, it will take a little time to communicate clearly; it always does when you are dealing with a regional apparatus. But I think that Tom is correct in saying that the issues have been resolved at a policy level, and you are correct in implying that it takes time, nevertheless, to get the word out and make sure that policy is not obstructed and is adhered to by the whole organization.

But I think we are pretty straight on what we intend to do; the two programs are working very well. We really do not have the administrative apparatus to manage the program, for example, in UMTA. I think the Highway Administration's administrative apparatus and its regional organization is ideally suited to carrying out the main-line thrust, and the program resources of FHWA are most appropriate for the main-line expense.

We have offered transit resources to fill the gaps. In other words, it may be difficult for certain areas to come by highway funds for this purpose. If there are some margins in the use of our funds—particularly the section 5 funds, which are delivered by formula—then those funds may be used to generate a program and encourage the whole effort.

That is the way we are trying to collaborate. We really do not see ridesharing consuming a large share of the UMTA resource, but we see the resource being there to keep the departmental policy going and make it vigorous.

Mr. Mineta. Does that policy also speak to the counter-productive nature that Mr. Downs is addressing of having a discretionary carpool/vanpool amount and having also the apportioned highway funds, and the seeming counter-productive nature of the two pots?

Mr. McManus. It is interesting that you make that comment. Our own circular does not encourage the use of our discretionary resource, section 3, for this purpose. For that reason, we really want to see the apportioned resources used. They are often not used.

There is section 5 money lying fallow in several places, and that money could well be used for ridesharing. But if we opened up our discretionary resource, there might be a run on that, although I do not think it would be of major proportions, rather than using a resource that is already there and available to be used.

So I would say that our views are similar; that within the existing discretionary and apportioned resources of UMTA, we want local authorities to target on the section 5 resource rather than section 3.

Mr. Edgar. Would the gentleman yield?

Mr. Mineta. Surely.

Mr. Edgar. Does UMTA have the legal authority to do that under section 5?

Mr. McManus. We think so. Our chief counsel's office cleared this circular. The circular makes clear that if vanpooling expense, for example, is self-supporting, then there has to be a net project cost determination made. In that case, there would be a minimal UMTA grant, if any. But if vanpooling became a part of a total public transportation operation in a community—in other words, if there existed in a community a total public transportation operation and vanpooling was not the exclusive public transportation mode—then the cost of the vanpooling could be lumped with the total cost of the public transportation operation and there would not be a net project cost problem.

Mr. Mineta. On the 20th of October of 1976, UMTA had proposed a policy relative to paratransit and the eligibility of paratransit facilities for section 3 and 5 moneys. Has that policy now been finalized?

Mr. McManus. No; it has not. There is another version of it that is just about ready for debate with this team of executive authorities—the Administrator and the current Secretary. We expect this review to start, in fact, this month, and the issue on whether or not to issue the paratransit policy hopefully will get reviewed and settled this time.

The key issue in the paratransit policy, though, I might add, does not relate so much to vanpooling and the payment of overhead expenses for running a sharing and matching or brokering operation, so much as it does to the involvement of the taxicab industry in this subject.

Mr. Mineta. Under section 13 (c) and (e)?

Mr. McManus. Yes, sir.

Mr. Mineta. When do you think you will be finalizing those? Back in February, I asked Ms. Liburdi the same question, as to when those regulations might be forthcoming, and she thought maybe the early part of April. Do you have any date as to when you might be finalizing these regulations?

Mr. McManus. Well, I tried to indicate that the debate on the current version will start, or the review of the current version will begin this month by this administration. But to my knowledge, there is no self-imposed deadline on when the regulation will be published. And the serious questions still relate to the involvement of the taxicab industry.

Mr. **Mineta**. That is the specific problem relating to the taxi industry regarding preventing the formulation of a specific——

Mr. **McManus**. Well, that is my surmisal of it. In answer to Mr. Edgar's question, which was rather pointed, on whether we could use our resource in the way we have used it, we have sliced out the elements of expense that we do not think are that controversial and are subject to question.

The other, which I say is the more controversial one and the one that has more issues, is the one that we have to address.

Mr. **Mineta**. Thank you very much. Thank you, Mr. Chairman.

Mr. **Edgar**. Thank you. I yield to the gentleman from California, Mr. Royer.

Mr. **Royer**. Mr. Chairman, I just have one quick question, and maybe it has already been covered. But in trying to remember the Internal Revenue Service laws and the ability to deduct for transportation to and from work, are there any provisions for tax incentives for those that carpool, et cetera?

Mr. **Downs**. Only the investment tax credit is available.

Mr. **Royer**. Pardon me?

Mr. **Downs**. Only the investment tax credit, the 10 percent for employer-sponsored vanpools.

Mr. **Royer**. But that is applicable to anybody, is it not?

Mr. **Downs**. Right, to any employer.

Mr. **Royer**. I am thinking about specific incentives for carpooling, et cetera, understanding that the present laws restrict you from any deduction pertaining to to and from your place of business, as I understand it.

Mr. **Downs**. There are no specifically targeted exemptions or incentives on IRS part that are targeted on ridesharing, carpooling, or vanpooling. We have had some difficulty in trying to work out a number of incentives around ridesharing, carpooling, and bus passes, in that IRS feels particularly constrained—especially on employer-employee-based incentives. IRS feels it is under a congressional mandate to not mess around with administrative rulings or regulatory processes on fringe benefits for employees, and feels particularly constrained and sensitive about the whole area of fringe benefits to employees. And they consider carpooling, ridesharing, vanpooling, and transit passes as a part of that area, and have said that it would probably take legislation in order to straighten that out.

Mr. **Royer**. Mr. Chairman, I am wondering if maybe we could not receive some kind of report on the pros and cons pertaining to such legislation, because it seems to me that it is an incentive that would be worthwhile at least to consider. I would like very much to get some pros and cons on that, if there is no objection.

Mr. **Edgar**. I have no objection to that. In fact, I would follow it up by just asking this one question. Is the Department of Transportation presently working with the IRS to examine how changes in tax policy can encourage ridesharing, and do you have liaison with the IRS at this point?

Mr. **Downs**. We have been working for the past 1½ years with the IRS in terms of what can and cannot be done administratively and through the regulatory process within the broad legislative umbrella that they have. Congressman Gephardt had also introduced a piece of legislation about 3 or 4 weeks ago, specifically addressing the transit pass, in an attempt to expand some of the incentives around ridesharing and carpooling.

On the Senate side, Senator Leahy has been very enthusiastic in trying to pursue as many avenues as possible around loosening up and providing tax incentives for ridesharing and carpooling.

Mr. EDGAR. Thank you very much. I want to thank you for your testimony this morning. We had some questions in this area and I think you have been helpful in focusing your answers. There may be additional questions submitted to you for the record, and we would appreciate your responding. Thank you very much.

Mr. DOWNS. Thank you, Mr. Chairman; it is our pleasure.

Mr. EDGAR. Today's hearings, while primarily focusing on ridesharing and vanpooling, also include reactions to and testimony on H.R. 6417. Present in the audience and now here for testimony is Gov. Hugh Carey of New York, who will testify on the total effort of the Surface Transportation Act of 1980, and we will then move back to the Federal panel and regional panels on the ridesharing and vanpooling legislation. Governor Carey?

Governor Carey, we welcome you here this morning. We appreciate your testimony. You are welcome to either summarize your testimony or read it. I would like to say, as chairman of the Northeast-Midwest Coalition, it has been a pleasure to work with you from time to time on the issues relating to our regional concerns, particularly in your work with the CONEG group. It is a pleasure to have you before our committee today.

Governor, the full text of your prepared statement will appear in the record at this point.

[Statement referred to follows:]

STATEMENT OF HUGH L. CAREY, NEW YORK STATE GOVERNOR

Good morning Mr. Chairman and other Subcommittee Members. I welcome this opportunity to present my views on proposed Federal Transit Legislation.

As a member of Congress and now as Governor of New York, I know that each of you must make difficult choices between the pressing needs of your constituents and the fiscal restraints forced on you by present economic circumstances. Some of you are undoubtedly facing exactly that situation as Congress addresses the three different Legislative Proposals currently under consideration. For that reason and because I believe that this is one of the most critical legislative proposals that will come before the Congress this session, I want to take just a few moments to discuss my perception of the problem and what our State has been doing to solve it before I present my thoughts on how Federal legislation should address our critical public transportation needs.

The Problem

This nation currently faces what I believe will be our most important challenge of the last half of the twentieth century -- the energy crisis. Failure to adequately address this problem threatens the well-being of our economy. We feel its consequences in record-level inflation and soaring interest rates, in gas lines and fuel shortages. Internationally, it undermines the power and independence of our country. Congress has begun to meet the problem. You have ennacted a Windfall Profit Tax and recognized that public transportation must play a role in achieving energy independence. As you are aware, transportation currently consumes one quarter of this nation's energy usage -- and about 60 percent of our principal problem, petroleum.

We must not forget, however, that public transportation is not the best solution for all areas, either in my State or this nation. In order to be energy efficient as well as cost-effective, public transit must attract and hold significant numbers of riders. Experience has shown that the greatest payoff occurs in our densely settled metropolitan regions. For example, 65 percent of the nation's transit riders occur in the eight urbanized areas with a 1970 population in excess of two million people. Population-wire, these areas only have about 23 percent of our population.

New York State has the most extensive network of public transit systems in the country, systems we built with our own money. They account for nearly 35 percent of the daily public transit ridership in America. They are a precious natural resource, but they are, in the main, old and over used. To hold our ridership and to attract new riders we must make massive capital investments. Moreover, with the limited resources available to us, we must provide operating assistance to our local systems. We have recognized that while every area of the State should have some transit service, assistance should be in proportion to the amount of service provided, and the number of riders carried. Using this method, we will distribute nearly $160 million this year. While I do not expect that I will be able to tally convince you that the Federal Government should imitate this actice, I would like to point out a few of the recent commitments at our State has made to help one of this nation's most effective ergy conservation assets -- New York's bus, rapid transit and mmuter rail system. Together, this system carries an average of x million riders every day. The result is that New York's per pita annual motor fuel consumption rate is only 325 gallons versus average of 550 gallons for the rest of the country. The resulting avings equal 4 billion gallons of motor fuel per year. By comparison, hese savings are more than twice the savings which would be nticipated from the nations full compliance with the 55 MPH speed imit.

ew York's Commitment to Public Transit

n 1979, approximately $800 million in State-local assistance was rovided for public transportation in New York. This compares to a ederal investment of about $425 million or approximately half of he State-local effort. In the last two years alone, we have taken he following initiatives:

- o Increased State operating assistance funding levels by 50 percent.
- o Dedicated $120 million of bridge toll surpluses to finance the non-Federal share of an Accelerated Transit (Capital) Program in our New York Metropolitan Region, and
- o Approved by voter referendum $270 million in State Bonds plus an additional $300 million in Bridge Authority Bonds for public transit improvements in our Metropolitan Region.

Additionally, our commitment to public transit is further demonstrated by the fact that our riders already pay among the highest average fares in the country -- about one-third above the national average.

As a result, our farebox revenue to operating cost percentage is about 60 percent -- substantially in excess of the 20 to 40 percent that is typical in most other parts of the country. Furthermore, we have just suffered through an 11 day transit strike that may have cost the economy of the City one billion dollars to ensure that transit service levels remain adequate, affordable and productive. Ironically, if the New York Metropolitan Area had received Federal aid sufficient to cover only 15 percent of its operating expenses -- or one-half the amount the rest of the country receives -- instead of the present 10 percent level, we would have sufficient revenue to pay for the estimated cost of the tentative labor settlement. Instead, nearly 60 million riders did not use public transit in that 11 day period. This loss in ridership represents about 1 percent of our nation's annual ridership total or more riders than will use all local transit systems in our non-urbanized areas during the coming year.

To address the needs of our public transit system, I have recently submitted to our Legislature a comprehensive transit financing package that would provide $220 million in additional transit operating assistance during the present State Fiscal Year (which is just commencing) and a permanent, predictalbe, dedicated and inflation sensitive funding source to address future transit needs.

I am proud of these achievements, but my purpose in pointing them out is not merely to pat New York on the back. Rather, it is to make you understand how much we have done on our own. For while I would like to do more, there is a limit, and I am afraid we have reached it. Yet, much more needs to be done. If we are to continue to keep our aged and rapidly deteriorating transit system going, if we are to restore and rebuild in order to keep the ridership so that we can continue to do our part in reducing our nation's dependence on foreign oil supplies, then we must have your help. I am not looking for a handout, only recognition that transit assistance should be allocated where it will make substantial contributions.

Proposed Federal Legislative Objectives

Presently, nearly one half of all transit assistance is allocated on a discretionary basis that currently has little to do with present or projected usage or service levels, energy savings or identified needs. Since all public transit funding is from general revenues, there is no assurance of what actual appropriations might occur even though multi-year authorizations are legislated. One year advanced appropriations are not allowed even though they occur in other transportation programs. I support your efforts to allow them.

To begin to rectify these concerns, I offer the following general legislative objectives:

1. Future legislation should be directed at achieving national energy objectives using proven technology.

2. Federal investments should be directed to those areas and projects where the greatest ridership impact per dollar of investment can be reasonable expected to occur.
3. An effort must be made to more equitably distribute federal assistance in terms of service, usage, cost and needs. And
4. Like other transportation programs, public transit must have a permanent, predictable, dedicated and inflation sensitive funding base.

If followed, these goals will correct the present bias against older transit systems like New York's.

Specific Legislative Proposals

To address these objectives, I request your consideration of the following proposals:

Transit Trust Fund - We must ensure that funds are available to finance this nation's critical public transit needs. Therefore, I propose the creation of a public transportation trust fund that would be financed from the following dedicated sources:

o 12 percent of the windfall profits tax and

o a significant portion of the recently imposed 10 cents per gallon (~~$10~~ $4.62/barrel) federal import fee starting with 3 cents in FFY 81 and increasing by 1 cent per year to 7 cents in FFY 85.

It is estimated that this would provide $35 billion over the five year period for which transit legislation is being considered. Beginning in FFY 81, authorizations totalling $5 billion are recommended, with a $1 billion per year increase also suggested.

I believe this proposal would put public transit on a sound footing and would be a long step toward energy independence. The trust fund concept is similar to the Chairman's proposal. Chairman Howard has also recently expressed support for incorporating a portion of the import fee into the transit program.

I would now like to relate this general concept to the specific legislative proposals under discussion.

Urbanized Operating Assistance - In spite of the improvements made in the Surface Transportation Act, the Section 5 program still distributes operating assistance in an inequitable manner. For example,

- o per passenger aid varies from 8¢ in New York, 10¢ in Chicago, 12¢ in Philadelphia, 13¢ in San Francisco and Cleveland and 15¢ in Pittsburg to 29¢ in Portland, 41¢ in Detroit, 76¢ in Providence and 82¢ in Phoenix under Tiers I and II.
- o the percent of operating cost covered by federal aid vaires from 8% in Boston, 10% in New York and 11% in Chicago to nearly 50% in several cities,
- o urbanized areas having major older cities face a reduction in transit aid beginning in FFY 1982 due to the Census even though their ridership levels continue to increase and

- over 45% of transit operating assistance continues to be distributed on the basis of population even though that factor has very little relationship to existing or potential transit service, usage, need or cost.

To rectify these inequities, Congress must:

a. Increase the 5 year appropriations for operating aid to at least $11 billion with authorization increases equally divided among Tiers I, II and III.

b. For Tier II only, base the formula distribution totally on the revenue vehicle mile factor proposed by the Administration. The effect would be to provide a direct incentive based on service levels and to send aid where it is most needed.

c. Broaden the Tier III definition of fixed guideway to include only trolley train miles but not trolley buses as is currently proposed since the latter does not have the same characteristics of other fixed guideway facilities. Additionally, replace the present commuter rail route mile factor with a car mile factor (train miles x number of cars), thus introducing a measure that relates to the level of actual service capacity provided.

The Administration proposal for operating assistance recognizes the need to relate federal operating assistance to total costs rather than deficits. I support the concept of gradually reducing the allowable percent of cost that federal aid may cover to a reasonable level. At the same time, Congress should also consider establishing a minimum percent of cost to be covered that would approach 25 percent overtime. But on the whole, the Administration proposal is inadequate in the face of current needs and is incremental at best.

Rail Modernization Program - The whole issue of rail capital assistance must be resolved. Presently, the rail modernization needs of New York, Northern New Jersey, Chicago, Philadelphia, Boston, Cleveland, San Francisco and Pittsburg are being significantly under funded even though these systems carry 40 percent of the nation's passenger miles. In New York, the frequency of breakdowns in increasing rapidly, passenger safety is a growing concern, and passenger comfort projects are something we only dream about but, in general, cannot hope to fund. There is a need for substantially increased attention in this area and for predictable funding so that a long range program may be planned and executed. Therefore, I recommend that:

- o a new formula grant program be enacted that uses cost estimates to allocate rail modernization funds on the basis of needs (similar in concept to the process used for Interstate highways and sewage treatment facilities and to the proposal contained in the Senate bill (S2296), and
- o $10 billion be authorized for this purpose over the next five years to meet about half of currently identified needs.

Bus Capital Program - At the moment, nearly 45 percent of bus capital assistance is allocated on a discretionary basis. The Administration has proposed to increase this percentage even higher. I am strongly opposed to this since the eight rail cities cited above also provide about 35 percent of the bus vehicle miles of service in the nation. Yet, during FFY 1979, these cities received only 2 percent of the bus capital discretionary grants in spite of Legislative intent that these cities should receive equitable treatment. According to the UMTA Administrator, the same can be expected this year. Because of this questionable practice as well as the tremendous needs in these and other cities, I propose that 35 billion (or 80 percent of my suggested bus capital assistance five year funding level) be allocated by formula under Tier IV of Section 5. The suggested formula would allocate half of these funds on the basis the current population/population density formula and the remaining half on the basis of bus vehicle miles.

Non-Urbanized Formula Assistance - One billion dollars over the five year period is recommended for non-urbanized area transit assistance. To ensure that each State receives sufficient funding to meet its minimal needs, a ½% minimum allocation to all States is proposed. Our analysis has concluded that the 1% minimum suggested by the Administration cannot be justified.

Section 3 Discretionary Program - A total of $7 billion is proposed over the five year period to address the following concerns:

o rail starts/extensions	- $4 billion
o bus discretionary	- $1½ billion
o other programs	- $1½ billion

Additionally, $1 billion would be available for other miscellaneous projects.

In summary, the program that I am proposing would once and for all meet this nation's public transit needs over the next five years without short changing anyone. I believe it is within the fiscal resources of this nation and would provide predictable funding since 30 percent of the funding is by formula. To do less is to pass a sentence of slow death on our transit systems. The money we would save in the short run would be small compensation for the ruinous results of such a policy.

TESTIMONY OF HON. HUGH L. CAREY, GOVERNOR, STATE OF NEW YORK, ACCOMPANIED BY WILLIAM HENNESSEY, COMMISSIONER OF TRANSPORTATION, STATE OF NEW YORK

Governor CAREY. Thank you, Mr. Chairman. If I may, I would like to be accompanied here at the witness table by William Hennessey, the Commissioner of Transportation of New York State, on whom I depend for counsel and advice and guidance on our statewide and localized transportation problems.

Let me say that I do appreciate very much the work that you have been doing with the Northwest-Midwest Coalition. Never was it more grave and timely for us to band together, if you will, to address our mutual concerns. Certainly among these, of course, are the condition and the future of our mass transportation system.

I listened with interest to the discussion of vanpooling on a regional and Federal basis, and let me state that having come through 11 days of very serious troubles during the recent transit strike in New York, we leaned to vanpooling and multiple occupancy of vehicles and it worked to a great degree in relieving the condition of our serious interruption of mass transportation. We learned a great deal from it. In a sense, we now feel that by following these lessons we can relieve our own condition.

Here this morning, I will try to summarize as best I can and indulge, therefore, if you are willing, in some colloquy on our problems. I know that this is a year of difficult choices for the Congress. I have been here when those years were with us before. When budget stresses are grave, I know that you must make the choices that are critical to your constituencies and for the national interest. My plan today is to give you my perception of the problem and what our State has been doing to try to help solve it.

Yes; we are in an energy crisis. We know that our dependence on imported oil is part of the great fight we must make on inflation. I know of no better place to really conduct that and wage that fight than, if you will, in the trenches of the mass transportation systems, in our underground, because that is where we can maximize the benefits of mass transit and, by keeping fares stable, avoid the impact on take-home pay that occurs when fares increase or service is not adequate and people must return to the automobile and the high gas costs.

The failure to address mass transportation and its potential really can hurt us, because it is an area where we can join together to fight inflation and improve the living conditions of our people.

Congress has begun to meet the problem. You have enacted the windfall profits tax, and most importantly in our area, you have recognized the indispensable role of public transit in achieving energy independence.

We have the extensive network of public transit systems in the country. We built it with our own money, with our own labor, our own sweat and our own effort and our foresight, and we account, as you know, for nearly 35 percent of all the transit ridership in the country. We have a precious national resource. It has been estimated that to repeat it now, to try and rebuild it, would cost as much as $75 billion. Yes; it is an old system; it is used to a maximum degree, and with limited resources available to us, we are trying to do as best we can with our own resources to improve that system. The number of riders is increasing, and what we have done in the state to hold our ridership and attract new riders is to make massive capital investments. The system needs it, and we have been willing to make that commitment. Recent commitments have been made to this system that carries 6 million riders daily and saves the equivalent of 4 billion gallons of motor fuel per year. Our savings in using our mass transit system, I estimate, are twice those savings that would be realized by the Nation's full compliance with the 55-mile limit.

In 1979, approximately $800 million in State-local assistance was provided for public transit in New York. This compares to a Federal investment of about $425 million, or approximately half of the State-local effort. In the last 2 years alone, we have taken these initiatives: We increased State operating assistance funding levels by 50 percent; we used $120 million of bridge toll surpluses to finance the non-fed share of our accelerated mass transit program in the New York area; we approved—our voters went to the voting booth and decided that, even with the adverse conditions in the borrowing markets, we would go in and put together a $600 million bond issue, $270 million in State bonds and an additional $300 million of borrowing by our Triborough Authority, for public transit improvements; the people voted to be on the side of more mass transit and to invest our State funds.

Our additional commitment to public transit is demonstrated by the fact that our riders already pay among the highest average fares in the country, about one-third above the national average. As a result, our ratio of farebox revenue to operating cost is about 60 percent, substantially higher than the 20 to 40 percent that is typical in most other parts of the country.

We have just endured, as I have said, a very, very grievous 11-day transit stoppage. That may have cost our city—and think of these numbers—as much as $1 billion in revenues. That is what happens when you lose mass transit—$1 billion of lost revenues in an area which you know is in great stress with unemployment and needs that certainly require our utmost attention.

Ironically, if we had Federal aid sufficient to cover about 15 percent of our operating expense, 15 percent, that would be an adequate sum to cover the full cost of the final wage package worked out in that settlement. We are not proposing you do come in and try to bail out our wage settlement; just the contrary. We are planning to meet that commitment and all the needs, to cover a deficit in that major transit system by again imposing a tough package of additional gasoline taxes, some taxes on oil operating companies, and a series of local initiatives, additional toll increases, and eventually some fare stabilization measures, which will, in effect, carry again the major burden on our own shoulders of our system.

The comprehensive, additional package that I have sent to the legislature, I would be prepared to furnish to the committee to show you that New York is not down here for a bailout; we are not asking for special treatment. We are asking you to recognize what we are doing and to be a partner with us in the future of mass transit.

Much more needs to be done. If we are going to keep our old and deteriorating transit system going, if we are going to restore and rebuild that system, to keep the ridership we have and to add new riders, then we earnestly seek your help. I am not looking for a handout again, I say, but presently nearly one-half of Federal transit assistance is allocated on a discretionary basis that has little to do with present or projected usage or service levels, energy savings or capital needs. Discretion is a very good program to have when, if you will, you are dealing with small amounts of money and you want to equalize to some degree, but to have so much of this program discretionary works against proper, forward funding and planning, so we can plan with you as to where the major needs can be met. So we are basically asking you, as Congress, Members of this body, to assert yourselves in a sense and outline and, if you will, forecast where the funding is going to go and leave less discretionary programs. We cannot live on sort of 1-year advanced appropriations if we are going to build a system that, frankly, took us 50 years to put together and we need to improve over a long-term program.

We ask that future legislation be directed at achieving national energy objectives using proven technology. We ask that Federal investments be directed to those areas and projects where the greatest ridership impact per dollar of investment can reasonably be expected to occur. An effort must be made to distribute Federal assistance more equitably in terms of service, usage, cost and needs. Last, public transit must have a permanent, predictable, dedicated and inflation-sensitive funding goals. These are general goals, and, specifically, the prime question, of course, is where is the money. We must insure that funds are available to finance this Nation's critical public transit needs.

Therefore, I propose the creation of a public transportation trust fund, with due deference to the creator and author, I believe, of that trust fund concept, Congressman Jim Howard, my old friend and neighbor from the State of New Jersey. We ask that that be financed from a 12-percent portion of the windfall profits and a significant portion of the recently imposed 10 cents per gallon Federal import fee be applied likewise, starting with 3 cents in fiscal year 1981 and increasing by 1 cent each year to 7 cents in fiscal 1985. I believe this proposal would put public transit on a sound footing. The trust fund concept belongs to Jim Howard. I endorse it here; I promote it, and I ask that the import fee be built into that program. This fund would be sufficient to address the Nation's most pressing needs, providing, I estimate, $35 billion over the 5-year period for which transit legislation is being considered. The creation of that kind of fund would be a long step in the kind of progress we need to make on a planned basis for energy independence.

I would like to discuss some specifics of the legislation under discussion, specifically the question of operating assistance. In spite of the improvements made in the Surface Transportation Act, the section 5 program still distributes operating assistance in an inequitable manner. For example, per passenger aid varies from 8 cents in New York to 29 cents in Portland, 10 cents in Chicago, 13 in San Francisco, 41 cents in Detroit, 76 cents in Providence, and 82 cents in Phoenix, under tiers I and II. The percentage of operating cost covered by Federal aid varies from 8 percent in Boston, 10 percent in New York, 11 percent in Chicago, to nearly 50 percent in several cities. Urbanized areas having major older cities face a reduction in transit aid beginning in fiscal year 1982 due to the census, even though their ridership levels continue to increase. Likewise, over 45 percent of transit operating assistance continues to be distributed on the basis of population, even though that factor has very little relationship to existing or potential transit service, usage, need, or cost.

To rectify these inequities, Congress must: Increase the 5-year appropriations for operating aid to at least $11 billion, with authorization increases equally divided among tiers I, II and III. For tier II only, formula distributions should be based totally on the revenue vehicle-mile factor proposed by the administration. The effect would be to provide a direct incentive based on service levels and to send aid where it is most needed. The tier III definition of fixed guideway should be broadened to include only trolley train miles, but not trolley buses as is currently proposed, since the latter do not have the same characteristics of other fixed-guideway facilities. We are not against those kinds of vehicles, but further dilution of this fund will work against the planned programs that we currently try to apply for the use of that fund. Additionally, the present commuter rail route mail factor should be replaced with a car-mile factor, thus introducing a measurement that relates to the level of actual service capacity provided.

The administration proposal for operating assistance recognizes the need to relate Federal operating assistance to total costs rather than deficits. But, on the whole, the proposal is inadequate in the face of current needs and is incremental at best.

The whole issue of rapid transit rail modernization must indeed be resolved. At present, the rail modernization needs of New York, northern New Jersey, Chicago, Philadelphia, Boston, Cleveland, San Francisco, and Pittsburgh are being significantly underfunded, even though 40 percent of the Nation's passenger-miles are traveled on these systems. In New York, the frequency of breakdowns is increasing rapidly; passenger safety is a growing concern, and passenger comfort projects are something we only dream about and cannot hope to fund at this time. There is a need for substantially increased attention in this area and for predictable funding, so that a long-range program may be planned and executed.

Therefore, I recommend that a new formula grant program be enacted that uses cost estimates to allocate rail modernization funds on the basis of need. This concept is not new to this committee, and is similar to the allocation process used for interstate highways and sewage treatment facilities. This concept is also contained in the Senate bill, S. 2296. Further, I recommend that $10 billion be authorized for this purpose over the next 5 years to meet about half of currently identified needs.

At the moment, nearly 45 percent of the bus capital assistance is allocated on a discretionary basis. The administration has proposed to increase this percentage even higher. I am opposed to this, since the eight rail cities cited above also provide about 35 percent of the bus vehicle-miles of service in the Nation. Yet, during fiscal year 1979, these cities received only 2 percent of the bus capital discretionary grants in spite of legislative intent that these cities should receive equitable treatment. According to the UMTA Administrator, the same can be expected this year.

Because of this questionable practice, as well as the tremendous needs in these and other cities, I proposed that $5 billion, or 80 percent of my suggested bus capital assistance 5-year funding level, be allocated under a population-density formula and the remaining half on the basis of bus vehicle-miles.

One billion dollars over the 5-year period is recommended for nonurbanized area transit assistance. To insure that each State receives sufficient funding to meets its minimal needs, a one-half percent minimum allocation to all States is proposed. Our analysis has concluded that the 1-percent minimum suggested by the administration cannot be justified.

During the discussion of the windfall profits tax, the President indicated that $1.28 billion could be expected for transit purposes during this fiscal year. While I realize the pressure to control inflation through the Federal budget, I would encourage this committee to carry out the President's promise by authorizing the $1.2 billion for this year.

In summary, the program that I am proposing would meet this Nation's public transit needs over the next 5 years without shortchanging anyone. I believe it is within the fiscal capacity of this Nation and would provide predictable funding. To do less, Mr. Chairman, is to pass the sentence of slow death on our mass transit systems. The money we would save in the short run would be small compensation for the ruinous effects of such an unplanned policy.

Over recent days, a number of articles have been written, Mr. Chairman, about what is happening in the section of the country that gave birth to this Nation, the Northeast, and the Midwest, and how we are moving toward a very, very grave erosion of our economic base.

We witness that in many parts of the country, States are showing huge surpluses. Those surpluses must increase by reason of the imposition of the windfall profits tax, severance taxes, and the general trend of the economy in the direction of those States that are already accumulating those surpluses.

We are not one of those States. Your State likewise does not share in the bounty experienced in some other parts of the country. We certainly will not be able to declare a taxpayer dividend of about $2,000 a year, as Alaska made out of the oil bounties she is receiving.

It is for this reason that more than ever, on mass transit, we focus the effects of the constructive work of the Northeast-Midwest Coalition and try to serve the energy needs of our country, do our utmost to move in the direction of energy independence, and keep this system operating, planning, and predicting its future in a constructive way.

I thank you, Mr. Chairman, for this opportunity to testify on this key legislation.

Mr. Edgar. I thank you for your comments, and also your final remark. I agree with you that with the deregulating of oil prices and this severance tax, eight States will accrue, over the next 10 years, about $115 billion worth of revenues. Texas alone will accrue perhaps a surplus as high as $35 billion.

While not saying that I want a piece of that $35 billion, I think any person with a bit of commonsense will recognize that they would be able to use those additional revenues accrued from the production of oil for setting aside property taxes, and income taxes, and other local taxes, so that those States might become a magnet for business and industry and further exacerbate the problems that New York and Pennsylvania and some of the other older industrial States have.

I am particularly concerned, as you reflect in your testimony, about the modernization question and the problem of financial commitments for modernization in the older cities. Your city of New York needs a major rebuilding and refurbishing of its transit network.

With the accessibility issue of section 504, a great deal of modernization will be targeted toward accessibility requirements. Some of the low visibility items, like track and station improvements and modernization of existing facilities, will be further delayed.

I think you have been helpful in sharing the amount of commitment that State and local sources are now putting into public transit in the State of New York.

If we were to really address, over the next 10 years, the specific needs of modernization and bringing the New York City public transit system into the 1980's, I wonder if you could estimate what the annual price tag of that would be. Do you have any guesses?

Governor Carey. The plan that we have in the State that I now have before the legislature for bringing deferred maintenance forward to make it current maintenance and to improve our capital system in this year alone is $328 million; that is the plan for the systems throughout the State of New York.

I mentioned the $600 million energy conservation and transportation bond issue. That will be applied over the next 5 years, basically. So, there, you have a figure in the 5-year span that is getting very near $1 billion of local initiative, just to keep where we are and to try to keep that system going. To put it into first-class shape, you would probably double that.

Now, curiously, this is the kind of countercyclical, noninflationary assistance that would help the economy of the Northeast, because when we make those improvements, we do not produce any rail stock and we do not produce much of the hardware that we are talking about in New York. We spread the orders for that on a leadtime basis into Pennsylvania, into Ohio, and into other States, and into the steel industry and aluminum industry, and things of that kind. So the whole country benefits when we spend that kind of money.

But most importantly, it brings in labor-intensive projects that employ people who are currently heading for a grim future in terms of layoffs and unemployment.

Mr. **Edgar**. Thank you. I yield to my colleague from California, Mr. Royer.

Mr. **Royer**. Thank you, Mr. Chairman.

Thank you, Governor, for your very comprehensive report. I just have two questions for you. I am wondering if you have any figures to tell us what it would cost New York to comply with section 504 for access to the handicapped. Do you have any figures on that?

Governor **Carey**. No; I do not. If you can tell me what it is going to cost to produce the design bus that the Federal Government is working on that we would have to acquire to comply with the Federal law, then I can give you an answer. But I do not know of any design bus that has met specifications yet.

Am I correct that there is no agreement yet on the kind of diesel that would comply?

Mr. **Royer**. The Congress has now eliminated the date for using that design bus, and you are actually able to go forward with the present designs plus the lifts, and so on. So, at the present time, the mandate would be to supply lifts on all of the buses.

There have been some arguments back and forth as to the cost effectiveness of this, and so on, and I thought New York would be a good example of something for us to compare on pertaining to cost. I think that if you would have an opportunity to maybe give us an estimate at some later date, I would certainly appreciate it.

Governor **Carey**. I can give you an estimate that may not be current, but when we were dealing with trying to get the articulating bus that would be the kneeling bus with the chair lifts that would comply totally, we did have a figure of $2 billion to fit out our equipment in order to do that.

Mr. **Royer**. $2 billion?

Governor **Carey**. Right.

Mr. **Royer**. The other question I would like to ask is, there has been a request to cut back on the Federal-aid highway program in 1980-81, and I am wondering how that will affect your overall transit plan.

Governor **Carey**. May I ask Mr. Hennessey, who is our statewide highway commissioner in transit?

Mr. **Royer**. Sure.

Mr. **Hennessey**. In current expenditures, it will be about $150 million that New York State will have to float in terms of paying for our contracts that are underway right now because of the expenditure ceiling. In terms of the appropriations, out authorizations to proceed on new work will be shortchanged from $325 million down to about $110 million between now and October 1. That is for projects that we had planned to be underway that we have to defer. So we have two problems; one of expenditures, and one of projects that we must defer.

Mr. **Royer**. Thank you, Mr. Chairman. Thank you, Governor.

Mr. **Edgar**. Thank you. The gentleman from California, Mr. Mineta.

Mr. **Mineta**. Thank you, Mr. Chairman.

Thank you, Governor Carey, for the leadership you have shown over a long period of time in this whole field of transit. You have indicated that there is over $1 billion, roughly, for capital improvements, and about $220 million in this legislative package for operating assistance; is that correct?

Governor **Carey**. That is the present level, as I understand it.

Mr. **Mineta**. As a result of this 11-day strike that you had in New York, has there been any consideration coming out of that for flexitime, staggered work hours, or anything of this nature, to deal with this whole issue of trying to get more use out of the transit systems and trying to get those peaks out of there?

Governor **Carey**. Yes. As a device to meet the crush and avoid grid lock, which we almost encountered in the city, we did move for emergency encouragement of flexitime operations, and the system contemplates this. Remember that this system is carrying 5 to 6 million people per day for tourism, visitors, and many other kinds of needs. It is very hard to control that kind of a population mass by shifting and moving work hours around.

But to the extent that public employees can be worked that way, or something of that kind, that was tried during the strike on an emergency basis. It did not seem to have much effect, actually, on the total potential ridership in given areas.

Mr. **Mineta**. In your testimony you indicate that the eight rail cities receive about 2 percent of the bus discretionary grants. Do you receive your regular bus replacement apportionment under section 5 also?

Mr. **Hennessey**. Yes; we do. The only money that we received was section 5 last year, and that was the problem. Only two of the cities that were in the rail modernization program ended up with bus capital, and that is what we are very concerned about at this time, because the rail modernization cities are not obtaining bus capital dollars because they believe that we are obtaining enough dollars through the rail modernization program. That is a real bad issue in New York State and the other 16 or 18 cities.

Governor **Carey**. You cannot tap the rail part of your system to subsidize the additional ridership on buses, because the bus ridership, as it increases, does not save cost. In other words, you do not have a multiple effect from increased ridership, because you must add new equipment and you must put on overtime. You cannot make that up by going to the rail side of your system, even if that were heavily funded.

So, it is as though there were two different cities—the bus city and the track city. When you say: "Because you have mass trackage, you should not get as much bus money," you are really shorting the system very badly.

Mr. MINETA. Is there an incentive to run extra buses or railcars under a vehicle revenue-mile formula factor?

Mr. HENNESSEY. Yes; we would prefer the vehicle-mile factor along with population density rather than the population part of the factor that exists today. Vehicle-miles is a good way of doing business.

Governor CAREY. Congressman Mineta, are you saying, is there an incentive to add equipment, whether it is needed or not, if you have that revenue-mile factor in there, or is there a countervailing factor?

Mr. MINETA. That is right.

Governor CAREY. No; our equipment is in heavy usage and it is done by very carefully calculated maximum usage factors, and the Federal formula would not put marginal equipment to work just for the sake of getting the money.

Mr. MINETA. Thank you very much. Thank you, Mr. Chairman.

Mr. EDGAR. Before you leave, I just would like to make two comments. We were talking earlier about the work of the Northeast-Midwest Institute. One thing that relates to your concern about the amount of dollars necessary over the next 10 years for transit renovation, reconstruction, and modernization, and bridges, highways, and roads, is that those financial problems will be exacerbated by data from the 1980 census.

As I understand it, the Northern-tier States are going to lose 14 congressional seats; perhaps as many as 4 from your State, 2 from Pennsylvania, and a scattering of others throughout the area. Florida will pick up four Congressmen; Texas will pick up two, and California will have two new Congressmen, with the rest spread around in other places.

That is good in a sense, but it is bad in another sense, in that a lot of the efforts to promote human service programs, public transit programs, and urban concerns may, in fact, be shortchanged by a loss of as many as 28 votes. And it is not just 14 congressional seats; it is a movement of voting and thinking power to the areas of expansion and growth as opposed to the areas that are losing population.

So, it seems to me that we need to be as creative as possible in figuring out what laws, changes, appropriations, and authorization levels need to be put in place now, so that over the next 10 years, with this adjustment in population and congressional seats, we do not lose a vast commitment that has been building over the last 5 years to promote public transit and transportation in some of the older industrial cities like New York City.

Governor CAREY. Mr. Chairman, with the loss in population, we will also be losing an age group. We will be an older population; we might as well acknowledge that. We will have more retired people and people on limited means who tend to use the transportation system as an imperative; it is the only way they can get around. They cannot afford, in 99 percent of the cases, to call a taxi or have a chauffeur-driven vehicle, or have a vehicle of their own.

They will be depending on the buses and subway system and other kinds of mass transportation systems to get to health clinics and to get to part-time work and things of that kind. So, this is a real human need that is going to have to be met. If that system is not kept up and improved, you are saying, in effect, to an older part of the country that will have a marginal, lower income group in it, with an average income at or below the national average, that you are really deserting them.

Mr. EDGAR. My colleague from California, Mr. Mineta, has done a great job in the Oversight and Review Subcommittee looking at emergency mobilization and other future needs for public transit.

I am thinking in terms of what you learned that might be helpful to us if we had a 20-percent shortfall in fossil fuel oils and gasoline, and would have to increase public transit capacity in order to care for all of those people who normally drove into the city.

Governor CAREY. We would be pleased to present that kind of information.

Just a parenthetical comment, Mr. Chairman. When I first came to Congress, we used to have a heavy enforcement program to get out and find the moonshiners who were avoiding the alcohol tax, when the Treasury enforcement people were trying to stop moonshining and trying to get to the people who were doing that, and at the same time, I suppose, impairing their health and the health of others.

But today, 24 hours before Earth Day, I notice that someone on the Capitol steps over there is showing a very glossy, shiny copper still as the wave of the future. We have come a long way.

Mr. EDGAR. We had heard some testimony before one of our committees in Kentucky about trying to reduce the amount of regulations and redtape from Federal bureaucracies that regulate moonshining because of this energy crisis that we are facing.

Governor CAREY. It is not an alternative for New York, but we will look at it.

Mr. EDGAR. It is a pleasure to have you here this morning. We appreciate your testimony and we will share it with our colleagues.

Governor CAREY. Thank you, Mr. Chairman.

Mr. EDGAR. We would like now to return to the issue that is the primary focus of this morning's hearings, and that is the issue of ridesharing. I would like to invite to the desk those members of the Federal panel that have been listed: Angus Duncan, Barbara Reichart, Sydney Berwager, and Lew Pratsch. Please come to the table.

I would like to welcome all of you to our Federal panel at this point. I think most of you were in the room when Thomas Downs testified and heard some of the questions that were raised. I think, also, all of you are looking over your shoulder and looking at the time.

So I would like each of you to introduce yourselves and summarize, if you would, the important points of your testimony, so that we can ask some pertinent questions. It would be helpful if you might point to some of the things that may not have been said this morning that you think would be helpful for the record, or any important information that you would like to share at this point.

I do not have any particular order for you to begin in. Why not just go down the line? Introduce yourself and identify yourself for the record.

TESTIMONY OF SYDNEY D. BERWAGER, ACTING DIRECTOR, SYSTEMS UTILIZATION DIVISION OF THE OFFICE OF TRANSPORTATION PROGRAMS, OFFICE OF CONSERVATION AND SOLAR ENERGY, DEPARTMENT OF ENERGY, ACCOMPANIED BY LEW PRATSCH, MANAGER, CARPOOLING AND VANPOOLING, DEPARTMENT OF ENERGY, ANGUS DUNCAN, DIRECTOR OF ENERGY POLICY, DEPARTMENT OF TRANSPORTATION; BARBARA REICHART, CHIEF, RIDESHARING TRANSPORTATION, FEDERAL HIGHWAY ADMINISTRATION, DEPARTMENT OF TRANSPORTATION; AND ROBERT H. McMANUS, ASSOCIATE ADMINISTRATOR FOR PLANNING, MANAGEMENT AND DEMONSTRATIONS, URBAN MASS TRANSPORTATION ADMINISTRATION, DEPARTMENT OF TRANSPORTATION

Mr. McManus. I am Bob McManus. I am just sitting in with the panel; I have no prepared statement.

Mr. Duncan. I am Angus Duncan, Director of Energy Policy for the Department of Transportation. We asked Bob to sit up here so we could toss him the really tough questions.

Mr. Berwager. Mr. Chairman, I am Syd Berwager. I am Director of the Systems Utilization Division of the Office of Transportation Programs in the Department of Energy. I do have a prepared statement that I will submit for the record.

I have with me this morning Mr. Lew Pratsch of my staff; he is my ridesharing coordinator. I would like to summarize my statement very briefly if I could, Mr. Chairman.

Mr. Edgar. Mr. Berwager, the full text of your prepared statement will appear in the record at this point.

[Statement referred to follows:]

STATEMENT OF SYDNEY D. BERWAGER, ACTING DIRECTOR, SYSTEMS UTILIZATION DIVISION, TRANSPORTATION PROGRAMS, CONSERVATION AND SOLAR ENERGY, U.S. DEPARTMENT OF ENERGY

Mr. Chairman and Members of the Subcommittee:

My name is Sydney Berwager, and I am the Director of the Systems Utilization Division of the Office of Transportation Programs within the Department of Energy's Office of Conservation and Solar Energy. I serve as the person responsible for the development and implementation of programs that provide information and assistance on energy conservation in transportation to consumers, industry, and State and local governments. I am also responsible for the development and commercialization of efficient technology for rail, marine, air and pipeline transportation systems.

I appreciate this opportunity to appear before you today. My testimony will briefly cover the subjects of energy conservation in transportation and Department of Energy (DOE) activities which might interest the Subcommittee, with emphasis on the Federal role in commuter ridesharing.

I. INTRODUCTION

Transportation is responsible for 25 percent of the total national energy consumption, is nearly 100 percent dependent on petroleum-based fuels, and consumes more than 50 percent of all petroleum used in the United States. Its consumption of imported oil creates a major impact on the Nation's balance of payments and contributes heavily to our already demonstrated vulnerability to petroleum supply disruptions.

Exhibit 1 indicates current levels of petroleum consumption by the various transportation modes and a projection of what might be consumed in the year 2000. Automobiles and trucks currently account for approximately 75 percent of total transportation energy consumption. Airplanes, marine vessels, pipelines, railways, buses, and other modes represent 25 percent. The passenger car is the largest single petroleum user, consuming more than half of the petroleum used by the entire transportation sector.

Estimates of future petroleum consumption depend largely on projections of economic growth, supplies, and costs of energy. The projections shown in Exhibit 1 are based on economic growth and fuel price projections contained in the Energy Information Administration's Second Annual Report to Congress.

Exhibit 2 indicates the energy intensity of various passenger transportation modes. Energy intensity is defined as energy use per unit of productive output (in this case, passenger-miles of travel) and has been the subject of several special studies undertaken by Oak Ridge National Laboratory for DOE. The information in Exhibit 2 represents a summary of findings of these extensive studies and, consequently, a substantial number of caveats and explanations have been left out.

The value of 5,210 Btu/passenger-mile for automobiles in Exhibit 2 is an average value that varies tremendously depending upon the fuel economy of the vehicle used and the number of passengers carried. Exhibit 3 shows that a large station wagon with a single occupant will use about 9,376 Btu/passenger-mile; when it carries eight occupants the energy intensity is only 1,288 Btu/passenger-mile--more efficient than the average rail passenger service and comparable to the energy intensity of the average bus.

A 15-passenger vanpool has an energy intensity value of about 833 Btu/passenger-mile. A bus carrying 60 passengers, including standees, has an energy intensity of about 600 Btu/ passenger-mile assuming no deadheading; one carrying only 5 passengers has an energy intensity of about 7,200 Btu/passenger-mile.

Ridesharing, a means of utilizing existing excess capacity, holds significant potential for energy conservation in commuter transportation. Analyses have shown that if the average auto occupancy for commuter trips could be increased from 1.4 to 2.0, approximately 400,000 barrels of petroleum could be saved per day.

II. EMERGENCY PLANNING

In addition to ridesharing conservation programs, which have as their objectives the attainment of significant energy savings in both the near- and long-term with minimal impact on life-styles, I want to briefly discuss contingency plans which are intended to help people cope with disruptions in energy supplies which are sharp and severe, such as those caused by the recent upheaval in Iran. In such circumstances, major changes in travel or work patterns of millions of commuters in a short timeframe may be required to deal with shortages and the resulting sharp price increases which may accompany them.

The Emergency Energy Conservation Act of 1979 (EECA), signed by the President last November, provides a mechanism by which both the Federal Government and the States would have a role in developing plans for effectively coping with emergency energy supply disruptions.

Title II of EECA provides the framework for a coordinated national response to energy supply interruptions. If the President finds that such an interruption exists or is imminent, or that actions to restrain domestic energy demand are necessary under the international energy program, he may establish monthly emergency energy conservation targets for each affected energy source (for example, gasoline, home heating oil, electricity) the Nation and for each State. Within 45 days after these targets are established, States must submit to the Secretary of Energy emergency energy conservation plans containing measures they will use to reduce consumption of each targeted energy source.

As stipulated in the Act, the Federal Plan provides for an emergency reduction in public and private use of energy sources affected or likely to be targeted. It contains measures which may be effective in achieving an emergency reduction in the use of each energy source for which a target is (or may be) in effect. The President may impose all or a portion of the measures in the Standby Federal Plan in any State which he finds is not, after a reasonable period, substantially meeting its conservation target for a persistent shortage which is equal to or greater than 8 percent of projected normal demand for that energy source in that State. He may impose the Federal Plan more quickly in a State which has no State plan in effect. The Federal Plan is also intended to serve as an example to and provide guidance for States in preparing their own emergency conservation plans.

On February 7, 1980, in accordance with the provisions of EECA, DOE published in the Federal Register regulations regarding the "Standby Federal Emergency Energy Conservation Plan." One of the provisions of the Standby Federal Plan depends on employer-based measures to increase ridesharing.

As the States begin to submit plans, detailed information should become available about the adequacy of current program activity, as well as some new and innovative approaches which take advantage of local resources.

In summary, the approach to contingency planning embodied in EECA and being carried out by DOE looks to the States to play the lead role in coordinating and packaging initiatives to deal with gasoline shortfalls, but anticipates the likely areas of concentration in the State plans, particularly in such areas as ridesharing.

III. Ridesharing Programs

I would now like to highlight briefly some of the major activities which have been supported in DOE's ridesharing programs.

We believe that ridesharing is an area that has great near- and long-term promise for conserving energy. DOE and the Department of Transportation (DOT) are working cooperatively in the promotion and advancement of commuter carpools, vanpools, and mass transit. Our activities in ridesharing have included the reduction of such institutional barriers as insurance and economic regulation; the provision of technical assistance to

Federal, State and local authorities; the development of marketing methods; the development of private sector financing of vanpools; and providing fuel allocation priorities to transit and vanpools during energy supply disruptions.

Since 1975, States have been required to promote the use of carpools, vanpools and mass transit as part of the State Energy Conservation Programs. Over the last 3 years, approximately $10 million of the funds DOE has provided to States have been used for these ridesharing promotion activities. Although vanpools have doubled each year since the oil embargo they have grown much faster where promoted. In New Jersey, one of the three top vanpool States, the New Jersey Energy Office has conducted a series of vanpool workshops for employers over the past 5 years. There are now more than 1,000 company-sponsored vanpools operating in New Jersey.

Within its own operations, DOE has successfully promoted ridesharing and now has over 200 vanpools in operation at its facilities. Most of these vanpools are driver-owned, with 100 percent financing from either credit unions or banks. Among Federal agencies, I think DOE is second only to the Tennessee Valley Authority (TVA), which has more than 500 vanpools in operation.

Vanpooling innovations have almost exceeded our ability to monitor. In August 1979, the California Department of Transportation (Caltrans) announced a special one-month vanpool "lease" pioneered by a Chrysler subsidiary, Vanpool Services, Inc. Caltrans agreed to market the vanpool concept statewide, to assist in starting the vanpools and to provide continuity to the program. In return, Vanpool Services, Inc. requires only a one-month obligation on behalf of the driver and no financial commitment by the employer or State.

Efforts to attract a major auto leasing company into vanpooling culminated with Hertz announcing a similar program in late 1979 by sending letters to 18,000 major employers. Under this program, employers assist in starting the vanpools but are not required to make a financial commitment. With the Hertz option, vanpool vans are now available nationwide through any one of the Hertz leasing offices. Without any financial obligation on behalf of the Government entity to support or subsidize individual vanpools, we think that low risk financing is available to any individual or company looking to start vanpooling.

Executive Order 12191, signed by the President on February 1, 1980, requires Federal agencies to implement ridesharing programs and makes the designation of employee transportation coordinators a mandatory element of these programs. DOE is conducting a series of workshops aimed at helping those Federal employees designated as employee transportation coordinators implement successful ridesharing programs. We have 30 workshops already programmed and look to continue this program as Federal agencies respond to the Executive Order and the desire of Federal employees to reduce their gasoline budgets.

This workshop program is an example of one type of activity included in our outreach programs: the provision of technical assistance to Federal agencies. DOE's Guidelines for Energy Management in General Operations of the Federal Government (published in the February 1, 1980, Federal Register) encourage agencies to expand the use of vanpooling and carpooling for commuter transportation--building on existing GSA regulations governing parking, the full cost parking policy announced last fall and the Executive Order. Agency programs may include, for example, the use of flexible work time to accommodate mass transit schedules. Vanpools and carpools would receive priority parking privileges. In addition, all agencies will be required to promote vanpooling and carpooling arrangements through their employee awareness programs. When properly implemented, expanded carpooling and vanpooling is highly complementary to mass transit, serving those employees who are not adequately handled by mass transit.

To help solve the Nation's energy problem, we must give attention to filling up the empty seats in automobiles that are already in service. That argues strongly for efforts in the area of commuter ridesharing. Such efforts should deal with:

(1) Removing institutional barriers such as outdated economic regulations, the unavailability of reasonably priced insurance, and the lack of attractive financing options.

(2) Marketing programs better targeted at employers and employees.

In my opinion, all the old rules regarding the willingness of people to ride with others to and from work no longer hold. Current gasoline prices and a wider recognition that the Nation's energy problem is neither short-lived nor contrived have changed people's attitudes. There are many examples of ridesharing programs that were successful before the days of $1.30 per gallon gasoline. I don't think we should underestimate the potential for duplicating these programs on a wide scale.

EXHIBIT I

CURRENT AND PROJECTED TRANSPORTATION ENERGY USE

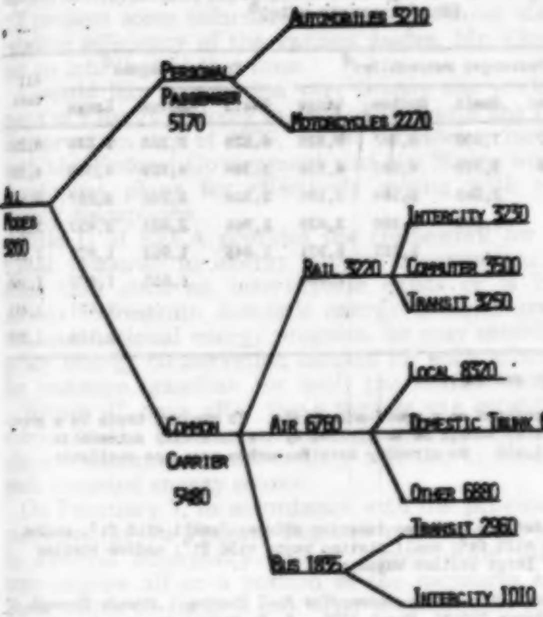
	1978		2000		GROWTH
	MBPD	%	MBPD	%	MBPD
• AUTOMOBILE	5.0	52.3	5.0	37.0	0
• LIGHT TRUCK	1.1	11.7	1.9	14.2	.8
• MEDIUM-HEAVY TRUCK	1.3	13.9	2.7	19.5	1.4
• AIR	.7	7.8	1.8	13.2	1.1
• PIPELINE	.4	4.7	.6	4.4	.2
• MARINE	.4	3.7	.6	4.4	.2
• RAIL	.4	3.7	.5	3.8	.1
• BUS	.1	0.8	.1	0.6	0
• OTHER	.1	1.4	.4	2.9	.3
TOTAL	9.5	100.0	13.6	100.0	4.1

* MBPD—MILLIONS OF BARRELS OF PETROLEUM PER DAY.

Source: Projection of Direct Energy Consumption by Mode: 1975 - 2000 Baseline, Rita Knorr and Marianne Millar, Argonne National Laboratory, ANL/CNSV-4, August 1979 and Office of Transportatio Programs (DOE) estimates as of February 15, 1980.

EXHIBIT 2

1976 Estimates of Passenger Transportation Energy Intensity, (Btu/route-passenger-mile)


Al
Modes
500
Personal
Passenger
5170
Automobiles 5210
Motorcycles 2270
Common
Carrier
5480
Rail 3220
Intercity 3230
Commuter 3500
Transit 3250
Air 6760
Local 8320
Domestic Trunk 6620
Other 6880
Bus 1875
Transit 2960
Intercity 1010

Source: Transportation Energy Conservation Data Book, Edition 3, D. B. Shonka, editor, Oak Ridge National Laboratory; ORNL-5493 February 1979 and phone conversation with Axel Rose, (ORNL) on February 15, 1980.

EXHIBIT 3

U.S. Automobile[a] Energy Intensity, Model Year 1977
(Btu/passenger-mile)[b]

Number of passengers[c]	Passenger automobiles[d]				Station wagons[d]			All cars
	2-seat	Small	Medium	Large	Small	Medium	Large	
1	7,837	7,408	9,061	9,325	6,628	9,293	9,376	8,268
2	3,989	3,770	4,592	4,726	3,384	4,709	4,749	4,199
3		2,560	3,104	3,194	2,304	3,206	3,207	2,508
4		1,956	2,360	2,429	1,766	2,421	2,437	2,176
5			1,915	1,971	1,445	1,963	1,977	1,921
6				1,666		1,659	1,670	1,665
7							1,451	1,451
8							1,288	1,288

[a] Including domestics and imports.

[b] All values are calculated on a route-mile basis. To convert these to a great-circle mile basis they should be multiplied by the intercity automobile circuity ratio of 1.212. No circuity data for urban uses are available.

[c] Including driver.

[d] Size classes were defined based on interior volume: small <110 ft^3; medium 110–120 ft^3; large >120 ft^3; small station wagon <130 ft^3; medium station wagon 130–160 ft^3; large station wagon >160 ft^3.

Source: J. D. Murrell, *Light Duty Automotive Fuel Economy...Trends Through 1978*, SAE Paper 780036, March 1978; B. D. McNutt et al., *A Comparison of Fuel Economy Results From EPA Tests and Actual In-Use Experience, 1974-1977 Model Year Cars*, Washington, D.C., February 1978; C. W. La-Pointe, *Potential for Automotive Fuel Economy Improvement*, presented at the Fourth National Conference On the Effects of Energy Constraints on Transportation Systems, CONF-770878, August 1977; Wards Communications Inc., *Ward's 1978 Automotive Yearbook*, Detroit, Mich., 1978.

Mr. **Edgar**. Please proceed.

Mr. **Berwager**. OK. Transportation is responsible for 25 percent of the total national energy consumption. It is 100 percent dependent on petroleum-based fuels and consumes more than 50 percent of all petroleum used in the United States. Its consumption of imported oil creates a major impact on the Nation's balance of payments and contributes heavily to our already demonstrated vulnerability to supply disruptions.

I present some information in my prepared statement about the relative efficiency of the various modes, Mr. Chairman, and I will not go into that at this time.

I would like to mention very briefly the work that the Department of Energy is doing in conjunction with the Emergency Energy Conservation Act of 1979, which provides a mechanism by which both the Federal Government and the States would have a role in developing plans for effectively coping with emergency energy supply disruptions.

Title II of EECA provides the framework for a coordinated national response to energy supply interruptions. If the President finds that such an interruption exists or is imminent, or that actions to restrain domestic energy demand are necessary under the international energy program, he may establish monthly emergency energy conservation targets for each affected energy source; for instance, gasoline for both the Nation and for every State.

Within 45 days after these targets are established, States must submit to the Secretary of Energy emergency energy conservation plans containing measures they will use to reduce consumption of each targeted energy source.

On February 7, in accordance with the provisions of EECA, DOE published in the Federal Register regulations regarding the standby Federal emergency energy conservation plan. The President may impose all or a portion of the measures in the plan in any State which he finds is not, after a reasonable period, substantially meeting its conservation targets. He may also impose a Federal plan more quickly in a State which has no State plan in effect. The plan is also intended to serve as an example to, and provide guidance for, the States in preparing their own emergency conservation plans.

One of the provisions of the Federal standby plan depends on employer-based measures to increase ridesharing. The approach to contingency planning embodied in EECA and being carried out by DOE looks to the States to play a lead role in coordinating and packaging initiatives to deal with gasoline shortfalls, but anticipates the likely areas of concentration, particularly in such areas as ridesharing.

So I think the standby Federal plan demonstrates DOE's interest in ridesharing and gives it the importance we feel it is going to have to have to deal with not only the longer term conservation needs of the country, but particularly in dealing with emergencies.

I would like to now highlight briefly some of the major activities which have been supported in DOE's ridesharing program. Since 1975, States have been required to promote the use of carpools, vanpools, and mass transit as part of the State energy conservation program, funded by DOE in accordance with the Energy Policy and Conservation Act of 1975.

Over the past 3 years, approximately $10 million of the funds that DOE has provided to States has been used for these ridesharing promotion activities. Although vanpools have doubled each year since the oil embargo, they have grown much faster where promoted. In New Jersey, for example, one of the top three vanpool States in the Nation, the New Jersey Energy Office has conducted a series of vanpool workshops for employers over the past 5 years. There are now more than 1,000 company-sponsored vanpools operating in New Jersey.

Within its own operations, DOE has successfully promoted ridesharing and now has over 200 vanpools in operation at its facilities. Most of these vanpools are driver owned, with 100 percent financing from either credit unions or banks. Among the Federal agencies, I think DOE is second only to the Tennessee Valley Authority in the number of vanpools.

Within the last few years, innovations in vanpooling and ridesharing have almost exceeded DOE's ability to monitor them. Special leasing and financing options have been initiated by public agencies, commercial leasing companies and banks, and by credit unions. My statement describes two of these very briefly.

Executive Order 12191, signed by the President on February 1 of this year, requires Federal agencies to implement ridesharing programs and makes the designation of "employee transportation coordinators" a mandatory element of these programs. DOE is conducting a series of workshops aimed at helping those Federal employees designated as coordinators to implement successful ridesharing programs. We have 30 workshops already programed, and look forward to continuing this program as Federal agencies respond to the Executive order and the desire of the Federal employees to reduce their gasoline budgets. We are working in cooperation with the Department of Transportation and the General Services Administration on this program.

The workshop program is an example of the type of activity included in DOE's outreach program for the provision of technical assistance to Federal agencies. DOE's "Guidelines for Energy Management and General Operations of the Federal Government," published in the Federal Register on February 1, 1980, encourages agencies to expand the use of vanpooling and carpooling for commuter transportation, building on existing GSA regulations governing parking costs and the Executive order.

I would just like to summarize, Mr. Chairman, by saying that the Department of Energy feels that in order to solve the Nation's energy problems, we are going to have to give increased attention to filling up the empty seats in all automobiles that are already in service. That argues strongly for efforts in the area of commuter ridesharing. Such efforts should deal with removing institutional barriers, and marketing programs better targeted at employers and employees.

In my opinion, all the old rules regarding the willingness of people to ride with others back and forth to work no longer hold. Current gasoline prices and a wider recognition of the Nation's energy problem as neither short lived nor contrived has changed people's attitudes. There are many examples of ridesharing programs that were successful before the days of $1.30 a gallon gasoline, and I do not think we should underestimate the potential for duplicating these programs on a wider scale. Thank you, Mr. Chairman.

Mr. **Edgar**. Thank you very much. I wonder if you would introduce the other members of the panel before we move to questions.

Mr. **Pratsch**. I am Lew Pratsch, with the Department of Energy, and I have no prepared testimony.

Ms. **Reichart**. I am Barbara Reichart, Chief of Ridesharing Transportation, Federal Highway Administration, and I will let Mr. Downs' testimony stand.

Mr. **Edgar**. Thank you. Mr. Berwager, I would like to ask you a specific question related to your testimony. You mentioned the 30 workshops that have already been programed. Are these workshops that are held here in Washington, or are they field workshops that are held throughout the country?

Mr. **Berwager**. They are not being held only in Washington. We have had a couple workshops already in Washington. I think we also had two in Atlanta, and they are scheduled for other cities. Mr. Pratsch could go into more detail on the current schedule, if you would like.

Mr. **Edgar**. Let me just ask this other specific question. Do you plan to go to all of the regional offices, particularly the major regional areas? Philadelphia, for example, in region 3 has a lot of Federal agencies there that could be aided by understanding vanpooling, carpooling, and ridesharing.

Mr. **Berwager**. Yes, sir, Congressman. We have every intention of hitting all of the regional cities.

Mr. **Edgar**. Do you have anything further to add to that?

Mr. **Pratsch**. No.

Mr. **Edgar**. Do you think that there should be a single national ridesharing office?

Mr. **Berwager**. Is that directed at me?

Mr. **Edgar**. It is directed at the Department of Energy. The Department of Transportation has already spoken on that issue.

Mr. **Berwager**. I think, Mr. Edgar, that there is a strong argument for centralizing to some extent the ridesharing activities of the Federal Government. I think there has already been a move within the administration to increase the concentration of activities in the Department of Transportation. I think the Department of Transportation has made certain organizational decisions about where they are going to be focusing their activities. I think in order to improve the coordination and to give a central focus, a national ridesharing office makes good sense. I do have a personal concern, though, Mr. Edgar. As I mentioned in my testimony, one of the striking features of ridesharing in this country over the last 3 to 7 years is the amount of innovation. I think a lot of that innovation has come not only from the transportation community, but it has come from the environmental community and the energy community. I think a lot of the vanpool progress we have seen in New Jersey is the result of some work that the New Jersey Energy Office did.

My concern about a national ridesharing office if it is established in DOT is that it not connote a message from the Federal Government that the transportation community at the State and local government level have sole prerogatives in the area of ridesharing, because I fear that might stifle a lot of the innovation that we have seen over the past few years.

Mr. EDGAR. It was not my intention in introducing the legislation to think of stifling that innovation. In fact, I think the Federal Government plays a better role in marketing good ideas and in trying to encourage and establish and stimulate innovation to the greatest extent possible.

And there is, as you indicated a real overlap in figuring out who most clearly benefits from this particular issue. Does ridesharing only benefit transportation, or does it benefit the environment and the energy situation? Shouldn't there be some coordination among those areas in one office?

Are there other reactions by any other member of the Federal panel to that issue, a national office of ridesharing?

Mr. DUNCAN. Mr. Chairman, I would only reiterate, I think, and underscore what Mr. Downs said earlier, and what I think Secretary Goldschmidt and Secretary Duncan agreed to very early in their administration of their respective departments, and that is that it is important that the Federal Government provide a national focus for ridesharing programs. It is equally important that the responsibilities and the programs, as far as that goes, not all be subordinated to one single office.

It is a characteristic that has been remarked on here, that ridesharing is an innovative program; it is also a characteristically local program. It is local governments and metropolitan regions and employers who by far have the greatest amount of activity in this field, have provided the greatest amount of leadership and of innovation, and any Federal programs ought to be flexible enough to acknowledge that diversity locally and to be able to deal with that—whether that is through a State transportation department or a State energy office or preferably, both. And one needs to add into that, I might add, the local air quality administrations in States and in metropolitan areas, which additionally benefit from ridesharing programs.

So I think the Department of Transportation's concern is that we do provide a national focus, that we do deal on a regular basis with EPA and with the Department of Energy, with their programs, but that generally and collectively, all of us acknowledge that they are local programs, and we try to orchestrate our efforts in that direction.

Mr. EDGAR. Do you have a shopping list that you could provide for the record of the successful programs that have been funded and those that have not been so successful?

Mr. DUNCAN. I think I would defer to Barbara Reichart for that.

Mr. EDGAR. Barbara?

Ms. REICHART. Again, speaking from the Federal level, it is very difficult to go into a local area and say, because you have only gotten 1,000 people into carpools, your program is not good.

We have tried to steer rather clear of some of the pitfalls of making judgments but we did conduct an evaluation in 1978, on about 106, at that point, demonstration projects, before the funding was codified into title 23. And that is an executive summary—an executive summary is in the pile of literature we have left for you.

To just summarize two of those findings, one was the clear indication that ridesharing programs per se are cost effective compared to other transportation innovations.

The other thing is, it is a very difficult thing for a ridesharing agency, be they funded by the DOT or by DOE, to go out and claim credit on a dollar for dollar capture basis.

What we are talking about is largely an attitudinal choice that people make to choose to ride in a four-person carpool to get on the Shirley Highway.

We have found that more comprehensive kinds of programs are more successful. By that, I mean they not only offer matching services; they offer incentives; they do an awful lot of one-to-one marketing with employers both from the public and private sector. Most of that is summarized in that report, and we also have two other documents in preparation right now for the end of April, which we will be happy to give to you when they are available.

Mr. Edgar. In light of the recent energy cost increases, particularly in gasoline, have you seen a marked increase in the number of inquiries and in the number of experimental programs that are going on throughout the States?

Mr. Berwager. The Department of Energy has noticed a marked increase in the interests of all the State energy offices in the area of transportation. I think that is partially due to the price impact. I think it also has something to do with the fact that in December, for the first time, the President announced voluntary gasoline conservation targets that all the States should achieve.

I know within our Washington office, the limited staff has been sorely strained over the last few months to respond to the inquiries we are receiving on ridesharing.

Ms. Reichart. Mr. Downs alluded to the tremendous response we got from 4,000 employers, for just a little snippet in one newsletter. I guess I would like to answer that by saying that probably 2 years ago, when you and members of the committee were indeed advocates of ridesharing, there was a need for a lot of advocacy, a lot of promotion. I think we are rapidly moving into a transitional state, where it is going to take all of our concerted efforts just to stay on top to respond to requests for information—how do you do it.

Two of the Department's, DOT's, responses to that need right now, are, one is the establishment of a national ridesharing information center, where we will have information from DOE as well as DOT, to offer one-stop shopping, so people do not have to try and get through the Federal Government by calling 8 or 20 people.

The other one—and it is a more direct one—in addition to the training programs that DOT is sponsoring for Federal Government coordinators, we will be sponsoring programs—we are—for State and local ridesharing agency personnel, for private employers, and then potentially, in cooperation with DOE down the road a bit, for State and local government as employers.

In addition to that, under the auspices of the National Task Force on Ridesharing, DOT will be launching an executive loan program, for want of a better word, which means we will be able to capture the talents of people like Roy Coughlin, and others, who are from a company background, to go out and talk to companies that are interested in implementing programs right now, and give them all their answers to all their questions at one point.

Mr. **Edgar**. Thank you.

I wonder if you could just describe quickly this national hotline. Where is it going to be located, and who will staff it?

Ms. **Reichart**. It will be housed in the Department of Transportation headquarters building, in right now, room 4432—which was a successful effort to get that space. It will have all the information available currently—not all, but selected, best information—available from EPA, DOE, DOT, and from selected ridesharing projects that come in and give it to us.

In order to respond quickly to this need, we are using part of the $1 million that was appropriated in January to help staff that in the interim. We are looking more seriously down the road for about 6 or 8 months to taking over that function as an integral part of DOT's function housed with in-house staff taken from the Urban Mass Transportation Administration, the Federal Highway Administration, wherever we can find the right people. The staff resources at the present time are about four people, largely information specialists, people whose job it is to respond to questions coming in, who know if it is a technical question to refer it to us—we are the technical office—who can assess the nature of the questions, and if they are repeated often enough, and we find we do not have the kind of material that answers it, to sit down and produce it, in not voluminous, 250-page documents, but just answers to those specific questions. And it will start May 12.

Mr. **Edgar**. Do you have a telephone number—not you, personally but——

Ms. **Reichart**. We do have one. I do not have it with me, and largely because right now, there is no one there to answer it. But as soon as it is staffed, I will be happy to share it with the members of the committee.

Mr. **Edgar**. It would be helpful to share it with the Members of Congress who have newsletters which go into every home in the United States. For instance, I sent out the "low-cost/no-cost" ideas that were developed by the Department of Energy for housing weatherization and conservation for homeowners. And it occurs to me that congressional newsletters might be a good way to share information. But do not give it to us until you are prepared to handle the large number of responses that you will get.

We have in the Philadelphia metropolitan area the National Hotline for Solar Energy and Solar Information, and they are just overwhelmed with inquiries. While I do not think you will get quite as many in the ridesharing office, you will get a lot once that number is made known.

I yield to the gentleman from California.

Mr. **Royer**. Thank you very much, Mr. Chairman.

First of all I would like to ask if your workshop program is adaptable to other than just Federal agencies for use.

Mr. **Berwager**. The specific workshop that I mentioned, Mr. Royer, is aimed at agencies as employers, how they can help their employees share rides to work.

As Ms. Reichart mentioned, we have already started discussing with DOT the possibility of expanding that workshop program to cover State and local agencies in their role as employers.

So I think it is expandable to other levels of government in their role as employers.

Mr. **Royer**. I guess maybe I misunderstood your report. It indicated that it was being made available to Federal employees and I did not realize that you have already made it adaptable on a regional basis.

Mr. **Berwager**. We have not. I do not think there is that much difficulty in making it adaptable. What I am saying is that we have just recently started discussing that possibility with DOT and have not uncovered any real problems in expanding it.

Mr. **Royer**. I would think it would be important to make a plan that would be adaptable so it could be used on a broader base, and I certainly commend you for that area.

In one of our other meetings where we had testimony from the Secretary of Transportation, and in the goal, they were talking about increasing ridership on transit by 50 percent, we did ask the question, but I do not think we got a response yet, as to how many barrels a day would be saved if we were able to do that. And I guess what I would like to ask you is if you have any figures if we doubled our ridership plan, how many barrels a day we might save.

It seems to me—and although I am very much committed to public transportation, it seems to me that we all have an awful lot of other transportation out there that ought to be exploited, and I would certainly like to, if you do not have the figures today, get the figures on how many barrels of oil per day could be saved by doubling your ridership plan versus doubling public transportation by 50 percent, using comparable figures.

Do you have any figures at this point?

Mr. **Berwager**. Mr. Royer, when I was with the Federal Energy Administration, not that many years ago, we tried to do an estimate of how much petroleum we could save if we doubled mass transit ridership. I found that the number hinged on an awful lot of assumptions for which there was very little good data, but I think we finally concluded that if you doubled mass transit ridership in this country and could do it simply by doubling the amount of service that was available, you would save on the order of 100,000 barrels a day. But that number has an awful lot of uncertainty on both sides of it.

If we could double the amount of carpooling in the country from its current level of 1.3, depending on the surveys you read, to 1.6, I think we are talking about numbers substantially higher than that, in the hundreds of thousands of barrels per day, but I would have to do those calculations and submit it for the record. Perhaps my colleagues from DOT have already done that calculation.

Mr. **Duncan**. We have done the calculation numerable times and gotten figures anywhere from 40,000 barrels a day saved to 300,000 barrels a day saved, so you can sort of take your pick, depending on the assumptions that you use. In any event, it is a very substantial number.

Mr. **Royer**. All right. In comparison, though, to what you have done in estimating the barrels per day on increasing public transit by 50 percent, is there any consistent ratio using the same formula?

Mr. DUNCAN. I am sure there must be. I do not have those figures here. We can go back and see if we can search them out, a comparable set of assumptions producing variable results.

Mr. ROYER. Mr. Chairman, I think it would be important for us to have those figures, because I think we have a great potential here, and we ought to have the facts and figures to verify it.

Mr. ROYER. I would just like to reask the question that I asked Mr. Downs pertaining to the tax incentive and if it has been explored in your departments as far as IRS is concerned.

Mr. DUNCAN. I think Mr. Downs responded that we are looking at an extension of the investment tax credit, and Senator Leahy, I think, on the Senate side, has been looking at that. You are talking specifically, though, about income tax deductions?

Mr. ROYER. I am thinking about whatever exemptions are available to those who use their car in business, if somehow carpooling should not be folded into this some way.

Mr. DUNCAN. The National Task Force on Ridesharing has a subcommittee, I think, which is looking at this, among other subjects.

Barbara?

Ms. REICHART. Well, Mr. Royer, I think that there are two comments I would like to make in this respect, if I may, wearing two different hats.

The first is, to answer your question, DOT and DOE also have been discussing this issue of tax incentives for ridesharing with members of the Tax Policy Office in Treasury. Treasury does have a viewpoint which I think is popularly known to everyone, that they would much prefer to see incentives to achieve a certain goal such as energy conservation come through a program administered, for instance, by the Department of Transportation, rather than using a tax code itself.

They also say that Public Law 95-427 specifically forbids them from issuing any rules or regulations or clarifications to those rules and regulations dealing with a wide spectrum of employer-provided benefits which could get into the area of, for instance, subsidized transit passes or employer-provided vanpool subsidies.

We are continuing to explore that both as a department with Treasury, and we will heartily respond to your request for what kinds of tax incentives could be provided.

In addition, putting on another hat, and that is as staff to the National Task Force on Ridesharing, they too are very concerned about tax incentives—for instance, performance bonuses given to employers or individuals to motivat them to conserve energy by ridesharing. The task force subcommittee has met with members of the Tax Policy Office, and right now they are in sort of a relationship of understanding each other, and I think the service we could provide by giving you a list of tax options that could be considered would be very useful.

Mr. ROYER. When you say they are concerned about it, are you indicating they are not in favor of it, or they are just considering alternatives? You used the word "concerned," similar to what IRS had indicated.

Ms. Reichart. Yes. I think they are concerned because the issue keeps on being raised to them almost every 6 months on a regular basis. They feel constrained, however, by the existence of this public law, to get into anything dealing with something that could be considered a fringe benefit, dealing with transportation back and forth to work.

Mr. Royer. I guess the point that I am trying to get to is it seems to me that the simpler we can make the incentives, and the less programs that we have to have that take administration and cost money, the better off we are. So I would like very much to see us at least look into this area.

And I assume that these laws can be changed or reinterpreted, or that a new congressional intent could be arrived at that might change the attitudes; is that not correct?

Ms. Reichart. I cannot speak for Treasury, but their opinion to us is that this one, single public law is constraining them from doing——

Mr. Royer. I guess what I am asking is if Congress has any control over that public law you talk about.

Ms. Reichart. I would think it does.

Mr. Royer. I guess we could change the intent, then, if the majority decides.

Thank you, Mr. Chairman.

Mr. Edgar. If the minority would help, the majority might decide.

Mr. Pratsch. Mr. Royer, if you would like, I might add a few things on some of the market research that DOE has conducted in the last couple years.

In the fall of 1978 and again in the fall of 1979, we have conducted 1,500 personal interviews, and we found a couple very significant things. One, we found that in 1978, only 12 percent of the people were very interested in finding carpool members. In the fall of 1979—this was after the shortfall of the spring—this doubled to 24 percent who were very interested. So we do see a shift in interest.

No. 2, also in that survey, we asked people whether they would be interested in finding additional riders if they could make $25, $50 or $100 per month. It is not that we expect that the Federal Government will provide this in a tax incentive or whatever, but that we do clarify the tax code, and state that any revenue received by carpool drivers from his or her riders, would not be considered taxable income. For example, if you had commuted with a Dodge Aspen or a Chevy Malibu who is willing to pick up four riders at $25 per person—or maybe $40 if the cost of parking is higher, or the distance is longer, that driver could pocket $100, maybe $160 per month as revenue—a very strong incentive for that driver to seek riders. In our survey when we asked commuters whether they were interested in finding additional riders if they could make $100 per month, that 12 or 24 percent, depending on which year it was, jumped to 47 percent who were very interested in finding additional riders.

Mr. Edgar. Thank you.

One final question, and you may want to submit the answer for the record. It seems, with the increased use of vanpooling and carpooling, and the increased awareness by State, local, and Federal authorities of the value, that some of the institutional barriers that we experienced in the early seventies have in fact been removed. Some of the things that we were concerned about as impediments to vanpooling and ridesharing have been eliminated.

There still remain some institutional barriers in a number of areas, however, and my question is, where are you finding institutional barriers most difficult to remove, and where is there a need for regulation or a change in regulation. I think the National Task Force on Ridesharing has looked at this to some degree, and I hope the Department of Transportation and the Department of Energy will both look at the institutional barrier question and perhaps get back to us for the record.

Do you have any comment on that issue that you would like to make in closing?

Mr. **Duncan**. Just one brief comment, and Barbara may be able to elaborate on it. You mentioned the insurance problem earlier, and Mr. Downs also mentioned it in the course of his discussion.

We have two members, I think, on the national ridesharing task force from insurance companies, and there is an insurance barriers working group or task force which is looking particularly at what our opportunities are to resolve that as a barrier, absent Federal involvement or Federal intervention, particularly by the major insurance companies, both assuming responsibility for providing that kind of coverage at reasonable costs, and even more to the point, for directing their field agents, their merchants of insurance, if you will, that they are willing, and more than willing—they are eager—to write that kind of insurance, and that they will make a special effort to be able to cover those cases without requiring any kind of Federal intervention or Federal legislation.

Mr. **Edgar**. Are there other comments on any subject you would like to make dealing with ridesharing?

Mr. **Berwager**. Mr. Edgar, just in response to your last question, I would like to point out that there are still a number of States that have not taken action to deregulate commuter ridesharing, and I am not sure how we go about solving that problem, but I think that is one outstanding issue.

I would also like to mention, as I forgot to do in my prepared statement, on the issue of institutional and regulatory barriers and incentives, that on March 1, the Department of Energy announced new fuel allocation regulations that classify vanpools as priority 1 receivers of gasoline; that puts them in the same category as mass transit vehicles and energy production vehicles, so they get top priority——

Mr. **Edgar**. Do you mean they can go to the front of the line, or do they have to wait in line as well?

Mr. **Berwager**. Well, the one I just mentioned was aimed at bulk users. The same regulation also gives States the flexibility to exempt, if they so choose, vanpool vehicles from various gasoline purchasing restrictions, such as odd-even plans. Vanpools under these regulations would be allowed to get gasoline during a time when a gasoline station would be closed to other customers, and also would allow States to exempt them from any maximum purchase regulations the State might impose.

Ms. Reichart. Mr. Chairman, I would just like to make one fast comment to indicate how fast the States have moved, really, in this area. For every institutional barrier we think we have eliminated, some other one seems to creep up; it is a constant, one foot before the other.

In the case of New Jersey, for instance, we have been working with them, as DOE knows, for the last few years, to implement ridesharing programs. The private sector has done a very good job. The State DOT intends to and wanted to program some of their Federal aid highway funds as interest-free loans to help acquire vanpool vehicles for a private employer, when they came up against a rub in the State constitution which forbids them from doing that. They are now in the process of probably having to go out in June, in a State referendum, to get the constitution changed to allow them to do this.

It is that kind of barrier that seems to defeat a lot of good intentions and the ones that we are working on very hard.

Mr. Edgar. It probably is the responsibility of the four of you to make sure that the Federal Government is not an institutional barrier to vanpooling and carpooling.

Thank you for your testimony this morning.

Our next set of witnesses represent regional governments. I would like Ira Pierce and Richard Castaldi to come to the table at this point.

I would like to welcome you here this morning. I wonder if we could begin by just having you introduce yourselves and the people that are with you this morning. Then I will ask Mr. Pierce and Mr. Castaldi to share their testimony.

TESTIMONY OF IRA N. PIERCE, P.E., CHIEF OF PUBLIC TRANSPORTATION PLANNING, DELAWARE VALLEY REGIONAL PLANNING COMMISSION; RICHARD CASTALDI, CHAIRMAN, TRANSPORTATION PLANNING BOARD, COUNCIL OF GOVERNMENTS, ACCOMPANIED BY ALBERT GRANT, DIRECTOR OF TRANSPORTATION PLANNING, COUNCIL OF GOVERNMENTS, AND RONALD DEES, RIDESHARING COORDINATOR, COUNCIL OF GOVERNMENTS

Mr. Pierce. Thank you. My name is Ira Pierce, and I serve as chief of public transportation planning for the Delaware Valley Regional Planning Commission, which is the metropolitan planning organization in the Philadelphia area.

Mr. Castaldi. Thank you. I am Richard Castaldi. I am the chairman of the Transportation Planning Board for the Council of Governments.

Mr. Grant. I am Albert Grant, and I am director of transportation planning for the Council of Governments.

Mr. Dees. I am Ronald Dees. I am the ridesharing coordinator for the Metropolitan Washington region, through the Council of Governments.

Mr. Edgar. Very good. It is nice to have all of you here this morning, and we will begin our testimony with Ira Pierce.

Mr. Pierce. Thank you, Congressman Edgar. It is a pleasure to be here.

As you may recall, in September 1977, I gave supporting testimony to this committee on ridesharing. At that time I was serving as chairman of the National Transportation Policy Committee of the 85,000-member American Society of Civil Engineers, of which, incidentally, Al Grant served as a board member.

At that time, I explained why only a few of our member governments in Philadelphia—that is, some of our counties—supported the drawing down of Federal-aid urban system funds for ridesharing. Still today, most of our member governments perceive that ridesharing indeed competes with steel and concrete projects. They still feel that their allocation of limited funds in our federally mandated transportation improvement program should better be used for the supply of transportation facilities, steel and concrete projects rather than as they see it, the demand oriented projects, such as ridesharing, and other transportation projects that affect transport utilizations.

Testifying as incoming chairman of the urban transportation division at the American Society of Civil Engineers, I have seen inconsistencies, nationally in the ways in which Federal resources for ridesharing are used or are not used in metropolitan areas by States, and at transit authorities. And perhaps—and I recall saying this—the transit authority, it seems to me, is the best ridesharing agency there can be. I refer you to the Portland Tri-Met Transportation Authority—that is USDOT Secretary Goldschmidt's hometown—which is an ideal ridesharing agency.

Now, the Philadelphia region and Pennsylvania, as many other States, have extremely high balances of unexpended Federal-aid highway urban system funds, and Pennsylvania again is in a potential lapse situation this year as in past years. In spite of that, without the categorical grant program that H.R. 6964 provides, I believe that responsible local officials in areas will again probably find it difficult to defer on paper, a minor steel and concrete project in turn for demand-oriented projects such as, ridesharing in our fiscally constrained transportation improvement program.

It is for that reason that I believe that a categorical grant program such as this would help ridesharing significantly, and especially in certain areas such as Philadelphia, in spite of the fact that we have unexpended balances for the Federal aid program.

Thank you.

Mr. **Edgar**. Thank you very much. We will proceed with our next witness.

Mr. **Castaldi**. Thank you, Mr. Chairman and distinguished members of the subcommittee.

I am Richard J. Castaldi, chairman of the National Capital Region Transportation Planning Board and a member of the city council of Greenbelt, Md.

The transportation planning board is responsible for areawide, comprehensive transportation planning for the Washington metropolitan area and has been so designated by the Governors of Maryland, Virginia, and the Mayor of Washington, the District of Columbia.

I would like to thank you for this opportunity to speak in support of H.R. 6964. Since 1974, the Metropolitan Washington Council of Governments has been involved in ridesharing activities through the operation of its commuter club. During this time, tens of thousands of Washington-area residents have utilized our computerized matching service to form commuter pools.

Since 1979 alone, 4,100 people were able to get into car and vanpools using commuter club match lists. That means 2,900 automobiles were removed from our highways during peak hours.

Depending on how you estimate it, that is almost 2 million gallons of gasoline that was not purchased from OPEC last year, or better yet, $2 million that did not show up on our trade deficit.

Also, 750 tons of pollutants were removed from our atmosphere. In addition, that 2 million gallons saved enabled ridesharers to purchase groceries, clothes, and other consumer goods, which in turn helped stimulate our sagging economy.

All of this has been accomplished at a modest funding level of $100,000 for our commuter club program in 1979. Nowhere else can American taxpayers get such value for their money.

It has been estimated that there is a cost-benefit ratio of approximately 29 to 1 for people participating in this activity. In addition to that, you have the benefit that it is a domino effect into the economy. You also have the less maintenance that would be needed on the roads due to the advantages of carpooling and multiple persons using vehicles.

I am aware of the growing demand on Congress to cut Federal spending, but one only has to multiply the results of the Washington project by the 180 other ridesharing agencies across the country to see how sound the funding proposals in this bill really are.

The success and potential of most ridesharing programs is limited primarily by the constraints on their levels of funding support. With modest additional funding, we can greatly increase our penetration of the large ridesharing market through increased promotional activities and personal contact with interested individuals.

We currently have a number of little bulletins that we put out. This bulletin is used for the commuter club—it is a free bulletin that goes out. You fill it out and send it back in, and based on our preliminary analysis, the applications that have returned, we are receiving about a 15-percent participation from the numbers that come in. So it is really starting to grow, and we are starting to reap some of the benefits of the ridesharing and vanpool.

Mr. **Edgar**. Would you provide those for the record.

Mr. **Castaldi**. Surely.

Mr. **Edgar**. Thank you.

[The following were received for the record:]

No Postage Necessary
If Mailed in
The United States

BUSINESS REPLY MAIL

First Class Permit Number 10532 Washington, D.C.

Postage Will Be Paid By Addressee

METROPOLITAN WASHINGTON COUNCIL OF GOVERNMENTS
ATTENTION: CAR POOLING COORDINATOR
1875 EYE STREET, N.W.
WASHINGTON, D.C. 20006

MAJOR COMMUTING ROUTES

DC-MD

01 Alabama Avenue
02 Anacostia Freeway (I-295)
03 Baltimore-Washington Parkway
04 Beltway
05 Benning Road
06 Bradley Boulevard
07 Branch Avenue
08 Central Avenue—East Capitol Street
09 Colesville Road—Columbia Pike
10 Connecticut Avenue
11 Defense Highway (Route 450)—Bladensburg Road
12 East West Highway
13 George Palmer Highway
14 George Washington Parkway—Canal Road
15 Georgia Avenue
16 Goldsboro Road
17 Good Hope Road
18 I-95
19 I-270
20 Indian Head Highway—South Capitol Street
21 John Hanson Highway (Route 50)
22 Kenilworth Avenue
23 Landover Road—Largo Road
24 [illegible]
25 MacArthur Boulevard
26 Marlboro Pike
27 Martin Luther King, Jr. Avenue
28 Massachusetts Avenue
29 Military Road
30 Naylor Road
31 New Hampshire Avenue
32 New York Avenue
33 Old Georgetown Road
34 Pennsylvania Avenue
35 Piney Branch Road—13th Street
36 Powder Mill Road—Riggs Road
37 Queen's Chapel Road—Michigan Avenue
38 Rhode Island Avenue
39 River Road
40 Rock Creek Parkway
41 Rockville Pike—Wisconsin Avenue
42 Route 1 (Baltimore Avenue)
43 St. Barnabas Road
44 Silver Hill Road
45 16th Street
46 South Dakota Avenue
47 Suitland Parkway
48 Suitland Road
49 University Boulevard
50 Wheeler Road

VA

51 Arlington Boulevard (Route 50)
52 Backlick Road
53 Beltway
54 Braddock Road (Fairfax)
55 Chain Bridge Road—Georgetown Pike
56 Columbia Pike
57 Dolley Madison Boulevard
58 Dulles Access Road
59 Fort Hunt Road
60 George Washington Parkway
61 Glebe Road
62 I-95
63 Jefferson Davis Highway (Route 1)
64 Lee Highway (Routes 29 & 211)
65 Leesburg Pike (Route 7)—King Street
66 Little River Turnpike—Duke Street
67 Old Dominion Drive
68 Old Keene Mill Road—Franconia Road
69 Telegraph Road—Kings Highway
70 Shirley Highway
71 Washington Boulevard
72 Wilson Boulevard

Computer Support Provided by
LITTON COMPUTER SERVICES (LCS)

COMMUTER CLUB

FREE CAR POOL COMPUTER MATCHING

- NO OBLIGATION
- FILL OUT THIS FORM
- DROP IN A MAIL BOX
- YOUR LIST OF POTENTIAL CARPOOLERS WILL ARRIVE WITHIN TWO WEEKS

COMMUTER
CLUB

A Service of the
Metropolitan Washington Council of Governments
and the
Metropolitan Washington Board of Trade

COMMUTER CLUB

PLEASE COMPLETE THIS APPLICATION

①

1 NAME Last ____ First ____

2 HOME ADDRESS Number ____ Street ____

City ____ County ____ State ____ Zip ____

Have you Applied Before? Yes ☐ No ☐ 61

(Leave Blank) ____

3 EMPLOYER ____ Name of Organization

②

4 WORK ADDRESS Number ____ Street ____

City ____ County ____ State ____ Zip ____

5 WORK HOURS Start ____ Finish ____

EXAMPLE
Showing 8:00 A.M. and 4:30 P.M. working hours
0|8|0|0|A 0|4|3|0|P

6 WORK PHONE ____ Ext ____

7 ATTN DRIVERS

	Yes	No
Are you willing to pick up riders along your route?	☐ 63	☐
Are you willing to meet other commuters at fringe parking?	☐ 64	☐

If so, find your routes listed on the back of this form and place the codes in the boxes provided below.

☐☐ 65 66	☐☐ 67 68	☐☐ 69 70	☐☐ 71 72
First	Second	Third	Fourth

ANY QUESTIONS — CALL 783-POOL

Would you like to receive information about ☐ Van Pooling? ☐ Bus/Subway Commuting?

(Leave Blank) ____

Commuter Club does not screen applicants. Matching is based solely on the information provided and participation is voluntary.

AMAZING STATISTICS

By ridesharing, you can do the following:

- Save over $1,000 tax-free per year.
- Conserve about 500 gallons of gasoline.
- Eliminate almost half a ton of pollutants from the atmosphere.
- Reduce your insurance premiums in some cases by up to 25%.
- Reduce traffic congestion and hold down expenditures for highway maintenance.

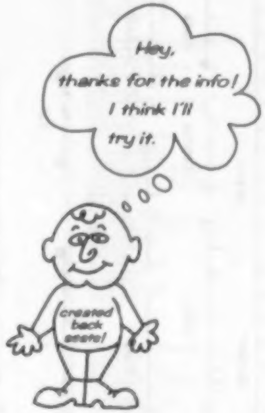
HELPFUL HINTS

No ridesharing arrangement has to be a binding contract. If you need to drive your car occasionally, that's fine — rideshare the rest of the time. Your arrangement should be convenient and flexible enough to meet your needs. Here are some points we suggest the members of your car or vanpool decide upon at the beginning.

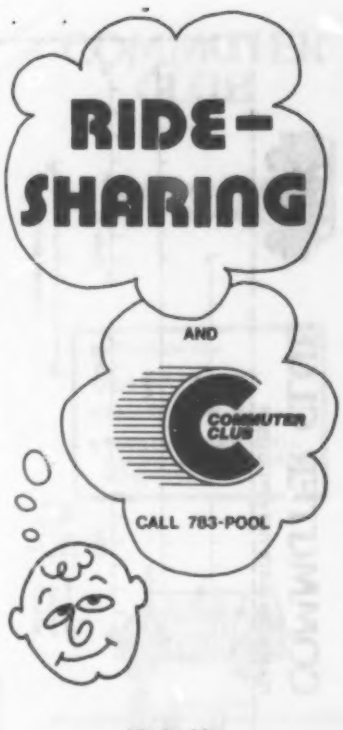
- WAITING — Agree on how long, usually no more than 3-5 minutes. Keep a list of your pool member's phone numbers on hand so that you can call if your schedule changes.
- SMOKING and EATING — Yes or no? The cleanliness of the vehicle and the comfort of others are important considerations.
- CONVERSATION — Many people prefer to read or sleep rather than converse, especially in the mornings. If you do talk, try to avoid subjects like politics, religion and office gossip.
- RADIO — On or off, music or news, easy listening or popular.

Drivers should remember that safety comes first — don't speed, make sure your vehicle has plenty of gas and is kept in good running condition. Riders should sit back and let the driver do his job.

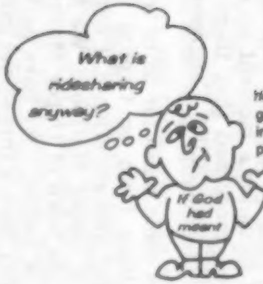
Finally, give your ridesharing arrangement time to work; it usually takes a few weeks to adjust. You may occasionally experience some minor inconveniences, but don't forget the money and energy you're saving. Plus, you can relax and travel hassle-free!


Hey,
thanks for the info!
I think I'll
try it.
created back ease!

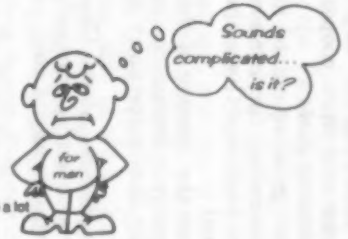
YOU'RE WELCOME. NOW CALL COMMUTER CLUB AT 783-POOL!



A Service of the
Metropolitan Washington Council of Governments
and the
Greater Washington Board of Trade



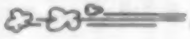
ridesharing (rīd·she(a)r·iŋ) n: a better way to get to work in the Washington, D.C. area: includes carpools, vanpools, buspools, and public transit.



Not really. In fact the Commuter Club will do a lot of the work for you.

Commuter Club? Who are they?
to ride alone

Commuter Club is a FREE service of the Council of Governments and the Board of Trade. We will help you find neighbors and co-workers with whom you can share a ride to work.

Take a few minutes and  READ ON!

COMMUTER CLUB

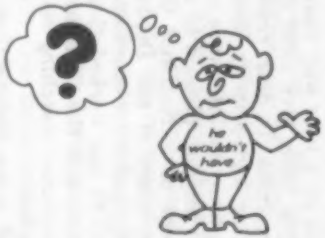
The Commuter Club was formed by the Metropolitan Washington Council of Governments (COG) and the Greater Washington Board of Trade in response to the oil embargo of 1973-74. Since that time tens of thousands of Washington area residents have used our free services to get into carpools and vanpools.

Application is easy. Just ask your employee transportation coordinator for one of our forms and send it to us after you have filled it out or call us at 783-POOL.

COMMUTER CLUB SERVICES

Once we receive your application, Commuter Club personnel process the form through our computerized match system and return to you in a timely fashion a list of names and office telephone numbers of people you can call to share a ride.

We can also provide you with information on starting a vanpool or buspool and assist you in obtaining information on public transit route scheduling.



Mr. Castaldi. Direct Federal assistance as provided by this bill will go a long way toward alleviating those constraints and at the same time, give local governments greater control over their own programs. To date, ridesharing programs have had to compete with other high-priority items in State transportation budgets, such as highway maintenance and transit subsidies.

I am also pleased to note that this bill provides for the establishment of a National Office of Ridesharing in the Office of the Secretary of the Department of Transportation, which would be responsible for coordinating all Federal programs.

COG has worked closely with the U.S. Department of Transportation and the General Services Administration, and has provided commuter matching services to most of the Federal agencies in the region.

It is my feeling that DOT has the demonstrated experience and expertise to administer this program very effectively, and that local and regional agencies can work cooperatively with DOT to achieve our mutual ridesharing goals.

Ridesharing is only now growing out of its infancy. The President has stated that ridesharing can conserve an additional 22.5 million gallons of gasoline each day. Given the proper tools, we can realistically reach that goal.

I therefore strongly urge the passage of this bill as a major step forward on the road to energy independence and security.

Again, I thank you for the opportunity to participate in this hearing.

I have with me today Messrs. Albert Grant and Ronald Dees, from the Council of Government's transportation planning staff, and we will be happy to answer any of your questions.

Thank you.

Mr. Edgar. I would like to thank both of you for testifying today from your vantage point in regional government. I appreciate your commitment to the whole subject of vanpooling and ridesharing.

Mr. Castaldi, I wonder if you might focus for a moment on your feelings about parking spaces. Are you concerned that there are approximately 9,000 parking spaces for only 20,000 Congressmen and staff, when Metro is so close by?

Do you think that perhaps it makes some sense for us to try to utilize the services that you are putting forth on Capitol Hill?

Mr. Castaldi. I will tell you from my own experience. I happen to work in the suburbs, in the town of Upper Marlboro. We have been under a program of revitalizing the town of Upper Marlboro. They built a new office building, and of course, they have parking problems and constraints out there. They have a three-level garage, and in that garage there are not enough spaces to service the employees in the Upper Marlboro area. There are also inadequate transportation facilities to allow people to come in by either bus or any mode other than the automobile.

Carpooling has really come a long way forward in that area, due to the preferential treatment given to people who will carpool, and it has an incentive to developing that type of cooperation.

In addition, there are other spinoffs that come out of that. You have better cooperation with fellow employees. As you indicated earlier, you had time to chew someone's ear on the way to work.

and you end up with that type of camaraderie on the way in, and your day becomes probably more enjoyable.

So I think there is something to be looked at in that area because as you stimulate that kind of an advantage or incentive, you have a better cost effectiveness all the way through the system.

Mr. **Edgar**. With the large number of Federal employees in Washington, have you had pretty good access to the Department of Transportation, the Department of Energy, with the national task force on ridesharing, to help coordinate efforts with some of the things that you are doing?

Mr. **Castaldi**. Yes; we have, and let me have Mr. Grant respond to that.

Mr. **Grant**. While we have worked with the Department of Transportation, our main access to the Federal Establishment has been through the General Services Administration, and they have served as the vehicle through which we have been able to deal with most of the people in the Federal agencies. And I might say that better than half of our total ridesharing list of people interested in carpooling is made up of Federal employees.

Unfortunately, the General Services Administration staff of this has been half of one person, and one of the reasons we support this legislation is because I think it will improve our capability to work with the Federal agencies, and also, an important thing that we do is try to match public and private employees into carpools and vanpools, and by being able to work through a larger functional organization, I think we can better achieve our objectives.

Mr. **Edgar**. Ira, you had a comment you wanted to make.

Mr. **Pierce**. Yes; I just wanted to make a very basic comment with regard to incentives versus disincentives for parking in general, in all of our Nation's big cities.

I am a strong believer in incentives where they make a lot of sense, in a national or local perspective. But if we provide deliberate disincentives for the automobile coming into the city, I think that we can be hurting business in the city. Certainly we are going to be benefiting spread-out places outside of the cities, where employers and those who can afford and otherwise want to drive will go.

So, again, transit incentives, yes; but I would not recommend indiscriminate auto disincentives in the city.

Mr. **Edgar**. I wonder if you might elaborate on a comment you made in your opening statement, Ira, about how although the Federal Government presently helps to fund experimental vanpooling and ridesharing programs, sometimes those dollars do not make their way down to regional planning levels.

Do you see any areas of improvement that an office of ridesharing might provide that is not presently being provided by the Federal Government?

Mr. **Pierce**. Without trying to be too general, I would say that one improvement that any agency can do in the Federal Government is get money down quicker to the end-user. There are too many demonstration programs that I have seen in my experience that just take too long a time to get started.

I think that perhaps the most important thing that we have yet to accomplish is getting our messages across to the general public. There are a number of experimental ways that we have tested that we would like to see funded further, such as motorist information. In our Philadelphia area, Congressman, you know that we have the shadow network, and also the Arco go-patrol. These two motorist information systems—privately funded, incidentally—together get more information out to more people—who we would like to target for messages on cost effective, energy effective energy strategies—than any other radio or other media program in history, according to data that I have been able to obtain from the national media.

It seems to me if any demonstration would make a lot of sense, it would be ways and means of using private resources for private and public purposes; and one of them would be this motorist information system.

There are many others that we have been looking into, including the public service announcement approach—which we proudly pioneered in Philadelphia—and also used to multiply our Federal funds. We have done that already. I believe that just communicating to the public in the most cost-effective way would be one next step for a demonstration grant program.

Mr. EDGAR. Thank you.

Mr. CASTALDI. I think our response would kind of parallel that. We find that we have a good system; the area that we probably would need that additional funding is to get the marketing information out, because that is our area where we have probably the most to gain, with that 15-percent user. If we can get that information out, the accurate information out, and get that back in, we can really cut into that demand that is out there.

Mr. EDGAR. That is helpful.

Ira, just one final question for you. How do you interface ridesharing with planning requirements in section 134 of the Highway Act and section 8 of the Public Transit Act?

Mr. PIERCE. Well, again, I must say with great difficulty, because as you know, the section 134 program requires a continuing, cooperative process. But the process often gets clogged, because of the fact that the moneys are either not provided on a timely basis, or that some officials still have this mistaken competitive feeling between the supply side and the demand side of transportation. But both the supply side and the demand side are important—supply, meaning building or improving highways and public transportation; the demand side meaning rearranging them in such a way as to be cost-effective, energy-efficient, and less polluting.

I think the goal is to balance these needs out. Politically, it might make more sense to build steel and concrete, as you can touch and you can feel it, while the local people and others can state some sort of rightful claim to it.

I wish there were some way—and I think again in the demonstration mode, that we should find a way—where the demand side of the transportation investment could be accomplished so successfully as to enable those responsible to point to something tangible. Something that is almost like steel and concrete, but at least equally significant.

Mr. EDGAR. Thank you.

Richard, I have a number of questions I would like to submit and have your reactions to in a letter form, if you would. They relate a little bit to some of the Washington metropolitan area's use of high-occupancy vehicle lanes, for instance, whether it makes sense to reduce from four to three the number of passengers on the Shirley Highway lane, or if it does not make sense, why not. Some questions relate to the interfacing of ridesharing with the new Metro system.

Let me share this with you and ask you to just provide responses for the record, if you would.

Mr. CASTALDI. We would be happy to.

Mr. EDGAR. Thank you.

[The following was received for the record:]

metropolitan washington
COUNCIL OF GOVERNMENTS
1875 Eye Street, N.W., Suite 200, Washington, D.C. 20006 223-6800

April 29, 1980

To Bob for
thank you letter
response

Honorable Bob Edgar
U.S. House of Representatives
407 Cannon House Office Building
Washington, D.C. 20515

Dear Congressman Edgar:

After I presented my testimony to the Subcommittee on Surface Transportation on April 21, 1980, you requested me to send you a written response to a list of six questions that you provided. Attached is a copy of the questions and my responses.

It was a real privilege to appear before your Subcommittee and to testify in support of H.R. 6964.

Sincerely yours,

Richard J. Castaldi

Richard J. Castaldi
Chairman, Transportation Planning Board

Enclosure

District of Columbia • Arlington County • Fairfax County • Loudoun County • Montgomery County • Prince George's County • Prince William County
Alexandria • Bowie • College Park • Fairfax City • Falls Church • Gaithersburg • Greenbelt • Rockville • Takoma Park

Question 1: Are you concerned that there are approximately 9,000 parking spaces for only 20,000 Congressmen and staff, when METRO is so close by?

Response: A key objective of the Metropolitan Washington Council of Governments (COG) and the Transportation Planning Board (TPB) is to encourage more efficient use of long term parking facilities at major employment sites and to increase the ratio of employees per parking space. The Executive Branch has approximately 30,000 spaces available in the Washington and Northern Virginia Central Area to service over 12,000 employees, a ratio of over 6 employees per space. This compares with 20,000 employees and 9,000 spaces at a rate of 2 employees per space, in the legislative branch. Such a low ratio of employees per parking space on Capitol Hill, an area well served by transit, is inconsistent with our transportation planning objective.

Furthermore, a February 28, 1978 GAO study stated that nearly 11,000 of the 17,000 employees on Capitol Hill drive to work alone. This compares to nearby employment sites where only 10-20 percent of the employees drive alone. In its November 29, 1978 Air Quality Plan and its May 16, 1979 Energy Conservation and Management Plan, COG recommended that commercial parking rates be charged for government employees including Congressional employees.

Question 2: What are you doing to promote ridesharing on Capitol Hill?

Response: Individual Hill employees do avail themselves of our services, and currently there are 62 Hill staffers registered with our Commuter Club.

We have also offered to assist in a coordinated ridesharing promotion program for Capitol Hill. However, these offers have met with resistance from the House Administration Committee which stated that it operates its own program.

With the increasing emphasis on ridesharing at all levels of government, we believe this would be an opportune time to mount a major campaign. We would be pleased to organise such an effort for the benefit of Capitol Hill employees.

Question 3: Are you involved at all in the federal ridesharing program for federal employees? Will that new program be effective, or do some changes need to be made in its operation?

Response: COG is participating on several levels of the federal program. We take part in the training sessions for Employee Transportation Coordinators held in the Washington area; we assist in the conduct of campaigns held at federal facilities; and we provide matching services to federal agencies and maintain the data files.

It is too soon to determine how effective the federal program will be, but we believe it holds considerable promise.

Question 4: How has the Metro system affected ridesharing in the Nation's Capital? Are these ridesharing opportunities which feed into the Metro system?

Response: According to two independent data sources, there is no discernible impact on Metro ridership due to ridesharing promotion.

From surveys of downtown employees before and after major segments of Metro became operational, the change in the percent of auto passengers (measure of ridesharing) using Metro dropped only 2.1 percent while the percentage of auto drivers "before" and "after" Metro dropped about 5.0 percent. It appears that more riders were diverted from the drive alone mode rather than the auto passenger mode.

A second data source, actual field observations during the same period around the downtown cordon, reveals that the auto passenger mode share of the CBD commuter market went from 23 percent to 21 percent while the auto driver share went from 47 percent to 43 percent; the latter mode change being more significant.

From these data sources, it appears that most of Metro's gains in usage were diverted from the auto driver mode rather than the ridesharing mode.

Staff believes that there are opportunities to feed more car pools into Metrorail stations principally by providing preferential parking. While WMATA has been reluctant to take this step system-wide, in the last several months, they have designated parking areas at their New Carrollton Station, where parking demands exceed available supply because of the good arterial access from the Beltway and U.S. 50.

Question 5: I understand that some potential Metro riders are being siphoned off by drivers who need riders for the Shirley Highway HOV lane. Is this a real problem?

Response: Not really. In fact, the buses which feed the Shirley Highway lanes are currently operating at or near capacity, and Metro would have to put more buses into operation to meet demand were it not for the "bus cruisers". Given the current funding and equipment problems Metro is facing, one can view this informal jitney operation as one of support of rather than competition to Metro.

Question 6: What would be the effect of reducing the minimum occupancy on the Shirley HOV from 4 to 3?

Response: Based on 1979 field observations of the reversible (HOV) lanes in the morning rush period, the volume of HOVs (four or more persons) is approaching the point where desirable speed in the lanes cannot be maintained. A study on this issue back in 1977 concluded that four-person pools is the level of occupancy which has the greatest person moving capability while achieving the desired level of service "C" condition (i.e., it still offers an inducement to use transit or car pool).

If the restriction were dropped to three, the time saving advantage of the HOV lanes would be lost due to further congestion. This would cut down the advantage in car pooling in this corridor as a time saving measure.

Mr. EDGAR. After listening to all the testimony this morning, do any of you on this panel have any reactions to the issues that were raised previously with Mr. Downs or with the Federal panel? Is there any bottom-line statement that you would like to remind the world about when dealing with Federal policy as it relates to ridesharing?

Mr. PIERCE. I have just one. I do not understand—and perhaps Mr. Downs can make it clear to me—how a categorical grant program can lessen the absolute amounts of moneys that can be made available to an agency or to an area, assuming that they would really want the funds and that they could muster the support necessary to get them. I just did not quite understand that basis of the Department's position against that part of your ridesharing legislation.

Mr. EDGAR. I could not either, and I am glad you asked the question.

Mr. CASTALDI. I would only make one other comment, and it deals with the economy. I think what we have is we have a facility out there—we have highways out there, we have a way to move people. I think we are spending a lot of money to do that right now, today. I think with the economy sagging the way it is, if we can encourage people and organizations and agencies to use commuter pools, van pools, I think we will find that with that, those extra dollars will be there to circulate in the economy and purchase and help the economy and help everyone involved in that. So I think if that message can be sold to the American people, I think we have done our job, and we are going to be helping the environment, too.

Mr. **Edgar**. Thank you. Any other comments?

Mr. **Grant**. This is not a bottom-line comment, but since you mentioned 134, I might just indicate our experience. That is, as part of the 134 process, we have had to develop an air quality plan. A major element of that has been the ridesharing program. We have also developed at COG an energy conservation and management plan, and a major element in that is a ridesharing program.

Our board has established a set of priority tasks over the past 2 years, things that the local elected officials fear are most important things to pursue. A major component of that is ridesharing.

So I am not sure that I see a great distinction between ridesharing as a separate component of 134 and an integral component of 134 and we certainly would support the idea of it being a part of 134 as quickly as possible.

Mr. **Edgar**. Thank you.

Any other comments?

[No response.]

Mr. **Edgar**. I want to thank you for taking the time to testify this morning. Hopefully, your testimony will have an impact on not only the laws we make, but the future of ridesharing. Thank you.

Mr. **Edgar**. We move to the final area of testimony this morning, and that is in the private sector. I think we have Al Duke from Hertz here. I do not believe we have anyone from Boeing-Vertol here this morning; they were planning to come.

Is Mr. Duke here?

[No response.]

Mr. **Edgar**. OK. Let me just make some closing comments, then, and indicate to all of you that the hearing will resume at 2 this afternoon for the issues that are listed on the bottom half of the agenda.

I would like to ask unanimous consent to introduce for the record a letter that was sent to me by Bill Fortune, from the National Association of Vanpool Operators.

[The following was received for the record.]

NAVPO
National Association of Van Pool Operators

William R. Fortune
Board of Directors
Chairman, Government Relations Committee

P.O. Box 2197
Houston, Texas 77001
(713) 965-1484

April 15, 1980

The Honorable Jim Howard
House Subcommittee on Surface Transportation
2167 Rayburn Building
Washington, D.C. 20515

Reference: 96th Congress,
2nd Session
H.R. 6964

Sir:

Through the office of Representative Bob Edgar of Pennsylvania NAVPO has been invited to give testimony on April 21, 1980 in support of H.R. 6964, a bill to amend title 23 of the United States Code to allow the Secretary of Transportation to make grants and loans for carpooling and van pooling programs and to establish a National Office of Ridesharing. NAVPO is holding its Fifth Annual Meeting and Van Pool Conference in Tampa, Florida the week of April 21, 1980 and because of this is unable to give formal testimony.

NAVPO is highly supportive of that portion of the bill to establish a National Office of Ridesharing as detailed on line 4, page 4 through line 22 page 5. This has long been needed and will do much to promote the concept and/or facilitate implementation of specific programs.

Our history indicates that federal grants and/or loans were not used to implement any of today's successful programs. Conversely, our records give no indication of the failure to implement van pool programs because federal grants and loans were not available. We therefore question the proposal to accommodate grants and loans as provided for in section 146(c) of title 23, United States code.

Although supportive of other forms of ridesharing, NAVPO's expertise and special interest are primarily in the area of van pooling; and, our knowledge of funding requirements for other modes of ridesharing is limited.

Yours very truly,

cc: Representative Robert Edgar
Jack Mahony, NAVPO

Mr. **Edgar**. And also, I would like to make note of, while not putting into the record, a fairly large ad that was placed in the Philadelphia Inquirer and perhaps in other newspapers around the country last Tuesday, April 15, 1980, from the Gulf Oil Co. It's entitled "Energy for Tomorrow," and they show a nice picture of their vanpool and indicate the advantages of it.

I guess when one of the major oil companies starts looking around for ways to conserve energy we really have come a long way, and I hope that other private industries pick up on that kind of effort.

The 3M Corp. and other private sector companies have been in the ridesharing field for a long time, and they have provided great leadership. I think what was said here earlier today was that in the private sector, there is a great deal of innovation, and perhaps the private sector has been far out in front of the public sector on this important issue. All we now have to do is figure out how to get the public sector organized and coordinated to get ridesharing off the ground even further.

Having no further witnesses to testify on this subject this morning, the hearing is in recess until 2.

[Whereupon, at 12:40 p.m., the subcommittee was recessed to reconvene at 2 p.m. the same day.]

AFTERNOON SESSION

[Whereupon, at 2 p.m., the Subcommittee on Surface Transportation reconvened, Hon. James J. Howard, chairman of the subcommittee, presiding.]

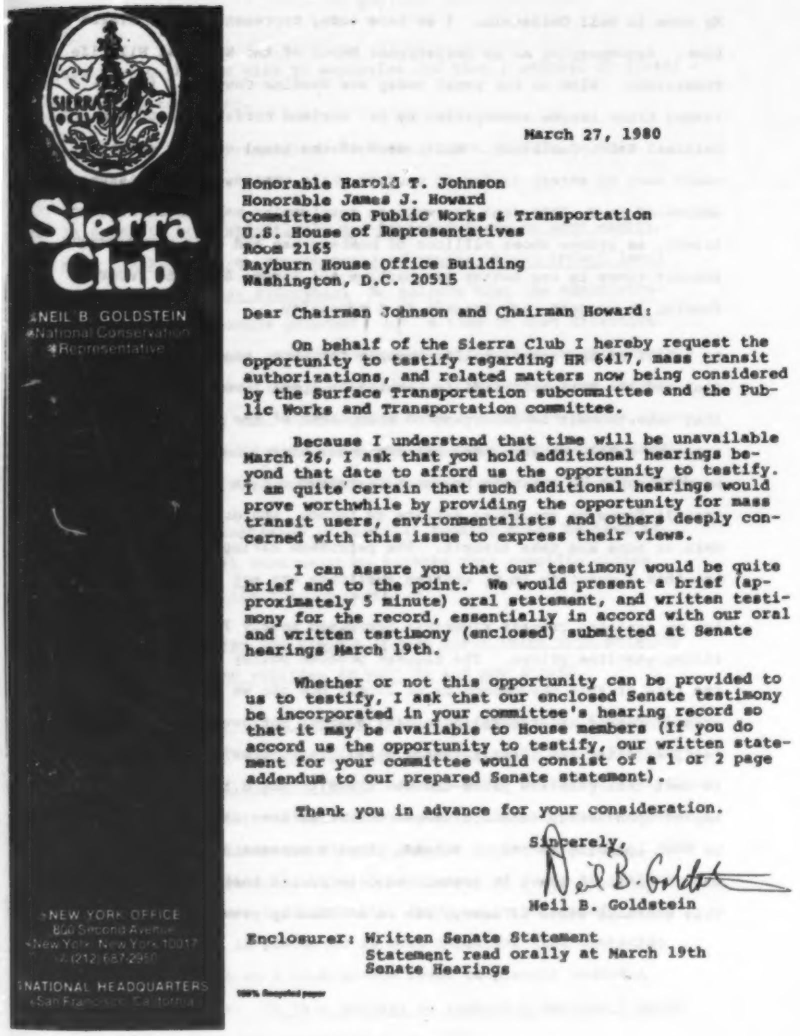
Mr. **Howard**. The Subcommittee on Surface Transportation will now come to order.

This afternoon we will continue our hearings and conclude our hearings in the area of transportation.

The first witness this afternoon is Mr. Neil Goldstein, national conservation representative of the Sierra Club.

Mr. Goldstein, welcome to the subcommittee. We're glad to have you here today. We do have a copy of your testimony, and without objection, that will be made a part of the record at this point. Please proceed as you wish.

[Statement referred to follows:]



Sierra
Club

NEIL B. GOLDSTEIN
National Conservation
Representative

NEW YORK OFFICE
800 Second Avenue
New York, New York 10017
(212) 687-2950

NATIONAL HEADQUARTERS
San Francisco, California

March 27, 1980

Honorable Harold T. Johnson
Honorable James J. Howard
Committee on Public Works & Transportation
U.S. House of Representatives
Room 2165
Rayburn House Office Building
Washington, D.C. 20515

Dear Chairman Johnson and Chairman Howard:

On behalf of the Sierra Club I hereby request the opportunity to testify regarding HR 6417, mass transit authorizations, and related matters now being considered by the Surface Transportation subcommittee and the Public Works and Transportation committee.

Because I understand that time will be unavailable March 26, I ask that you hold additional hearings beyond that date to afford us the opportunity to testify. I am quite certain that such additional hearings would prove worthwhile by providing the opportunity for mass transit users, environmentalists and others deeply concerned with this issue to express their views.

I can assure you that our testimony would be quite brief and to the point. We would present a brief (approximately 5 minute) oral statement, and written testimony for the record, essentially in accord with our oral and written testimony (enclosed) submitted at Senate hearings March 19th.

Whether or not this opportunity can be provided to us to testify, I ask that our enclosed Senate testimony be incorporated in your committee's hearing record so that it may be available to House members (If you do accord us the opportunity to testify, our written statement for your committee would consist of a 1 or 2 page addendum to our prepared Senate statement).

Thank you in advance for your consideration.

Sincerely,

Neil B. Goldstein

Neil B. Goldstein

Enclosures: Written Senate Statement
Statement read orally at March 19th
Senate Hearings

100% Recycled paper

My name is Neil Goldstein. I am here today representing the Sierra Club. Accompanying me is Christopher Meyer of the National Wildlife Federation. Also on our panel today are Maudine Cooper of the National Urban League accompanied by Dr. Garland Christopher of the National Urban Coalition. While each of the panel members certainly would want to stress different matters while considering the issues addressed in S. 2296 (and our written testimonies make these distinctions), as groups whose millions of members use and care about mass transit there is one matter on which we all agree: Adequate federal funding to support mass transit is a necessity.

On behalf of the over 4 million people for whom, together, the Sierra Club and the National Wildlife Federation speak I would like to stress that mass transit is important to every area of the country, whether urban or rural, because mass transit saves energy. There have been many attempts to estimate how much petroleum can be saved by lowering transit fares or improving service to induce auto drivers to leave their cars at home and take transit. The petroleum savings I speak of today and that I quantify in my written testimony are not these.

Let me explain: Transit ridership increased nearly 7% in 1979 because of rising gasoline prices. The biggest problem policy makers confront in the face of this phenomenon is no longer how can we induce increased transit demand and ridership to save energy, but how can we meet the already existing new transit demand. Failure to provide adequate funds to meet this gasoline price-induced transit demand, will have a greater impact upon energy consumption per dollar of transit aid denied than if we were spending to induce demand. That's because nearly every driver who is denied a space on transit will be forced backed into a car. This enormous waste of energy can be avoided by providing transit. It is this saving that we wish to emphasize and that I address in detail in my written testimony.

There are four basic principles which the Sierra Club hopes this committee will follow:

#1- In order to most effectively use limitted funds to save energy, mass transit funding apportionment formulas should reward local efforts to increase ridership. We believe that the administration, section-5 formula proposals are a step in that direction. We are aware of some difficulties that this formula might create in the short run for certain localities. But these same localities, in the long run, will benefit from the formula change, since the change will make possible system expansion and service level improvements in these locations that would otherwise be penalized.

We believe that increases in tier III funding might be used to mitigate any short term negative impacts that specific cities might face under the formula change.

#2- Any federal program for transit should place value upon existing infrastructure and vehicles as well as aid new starts.

#3- Both capital assistance and operating assistance should be treated equitably since failure to provide adequate operating assistance leads to waste of capital funds. In the past, operating assistance has sometimes been considered a "stepchild" of the program. We believe the administration's proposal for an incentive grant plus the formula change to tie the apportionment of funds to service levels helps insure that operating funds won't be wasted. With these safeguards in place, it is most important that operating assistance be set at a high enough level to prevent wasteful capital decisions. In this context we support a section-5 level even higher than that contained in S. 2296.

#4- It is important for the federal government to provide stability and predictability in funding. Toward this end we support section-2 of S. 2296 to improve the appropriations process.

Supplementary Remarks of Neil B. Goldstein
on Behalf of the Sierra Club
and the National Wildlife Federation

Presented in Oral Testimony Before a Hearing of the

Subcommittee on Surface Transportation

Regarding H.R. 6417, the Surface Transportation Act of 1980

April 21, 1980

On behalf of the Sierra Club, and the National Wildlife Federation I would like to thank the Committee for providing these additional days of hearings beyond the time originally scheduled and for affording us the opportunity to testify. As I stated in my request to the Committee, I intend to make my comments today quite brief and to rely on the testimony that I presented to the Senate Banking Committee for their March 19th hearings to provide more detail to this Committee and to the House. Committee Chairman Johnson has already notified me that my Senate testimony will be incorporated in today's hearing record. I would like to briefly summarize that testimony, therefore, and to add comment on matters which are specific to HR 6417 and which were thus not covered in my Senate testimony:

My written testimony stresses the importance of mass transit for saving fuel for all Americans, whether they live in the areas served by transit or not. Because transit ridership has been increasing at an annual rate of 7% due to rising gasoline prices, transit ridership capacity must be increased or new riders will be forced back into their automobiles. The energy impact on our nation of this rediversion to cars cannot be calculated using traditional means which indicate the number of new transit riders that can be induced into using transit for each federal transit dollar spent. The energy impact would far exceed this impact calculated at a time of lower gasoline prices.

The other point that I would like to stress from my written testimony is that operating assistance is an absolutely essential component of any rational federal assistance program for mass transit. Operating assistance saves capital dollars by enabling local transit operators to repair and maintain equipment that would otherwise be scrapped. Funding operating assistance at a level too low will cost taxpayers money; as the Joint Economic Committee indicated in 1973, capital assistance without operating assistance could lead - in the ultimate case - to "throwaway buses" which operators will treat like throwaway paper cups.

There are two specific items regarding HR 6417 not covered in my written testimony that I would like to discuss today:

First, the Sierra Club and the National Wildlife Federation support Section 115 of the bill to amend Section 135 of title 23, U.S.C. regarding Transportation Systems management. There is extensive evidence that intelligent management of roadway transportation can reduce traffic on our roads, speed riders to their destinations and improve pedestrian and rider comfort. TSM concepts including facilitating ridesharing (car and van pooling), providing preferential treatment for high occupancy vehicles (buses, vans, etc.), reducing congestion through traffic management (parking controls, pedestrian zones, etc.), and influencing the time-distribution of trips (staggered work hours, flex-time) have been tried and proven. In San Francisco, thousands of employees are permitted to arrive or leave work with a 45 minute "window;" 30% of the employees have chosen to come to work earlier than previously. At one San Francisco firm, half of the riders are permitted flex-time on this basis while the other half of the company's employees must arrive at and leave work at a set time. This experiment results in flex-time employees car pooling and using transit far more often than the set-time employees presumably because flex-time permits riding at times when mass transit is less crowded.

In Knoxville,Tenn. TVA has initiated an express bus program based on computer analysis of employee residences. Supported by homeowners associations in Knoxville who provided supplementary potential ridership data and who secured park and ride lots from churches and shopping centers, the system carried 109,000 riders in its first year. Solitary drivers were reduced by 50% in two years and bus ridership increased 700%.

High occupancy vehicle lanes and fixed guideway systems have been shown to work. Two lanes of the 6-lane San Francisco-Oakland Bay Bridge are restricted to carpools and buses. These two lanes carry 40% of the traffic and save 8to 9 minutes of the average 30 minute commute. On the Golden Gate Bridge, one lane carries 35% of the traffic. For a trip the length of this lane plus its extension in Marin County, drivers can save 10 to 15 minutes of the normal 25 minute commute. One lane on I-495 in New Jersey at the entrance to the Lincoln Tunnel carries 350 buses in the peak commuting hour and carries as many passengers as the three adjacent lanes combined.

Minneapolis's Nicolett Mall has proven that pedestrian levels where cars and buses are excluded, managed concurrently with pedestrian lounges, bus boarding signs and a special level for cars and buses can increase mass transit ridership. In this case, the project has proven so popular that private businesses have provided the "skyways" which permit this separate pedestrian level.

Perhaps the nation's most successful example of car and van pooling can be found in the Seattle-King County Commuter Pool Program. Computer ride matching has been able to match 95% of all applicants with an average of four other applicants. Additionally, vans are provided at a fixed monthly fee to commuters and free of charge to volunteer drivers. Car and van pools are permitted priority on and off-street parking at reduced rates and many park and pool lots have been provided. Both the number of vans and park and pool lots are slated for expansion. 120 companies in

Seattle have also instituted flex-time. The result of these combined efforts is ridesharing city-wide 5% above the national average. If this effect were duplicated nation-wide it would mean a saving of 8.75 million gallons of gasoline per day.

Perhaps the most dramatic illustration of the vast potential for ridesharing can be seen currently in New York City where average vehicle occupancy during the transit strike has risen from 1.5 passengers per vehicle to a current 3.3. On some roadways the level has reached an average 4 passengers per vehicle. An additional 50 - 60,000 commuters enter Manhattan each day by bicycle on 10 miles of designated bikeways. The result of this experience is that NY's Mayor Koch has indicated that efforts will be made to continue ridesharing and bicycle access after the termination of the strike, because of the benefits which they have proven to provide.

The second point that I would like to make today pertains to planning for capital expenditures made for modernization or rehabilitation of transit systems. S.2296, if passed in its current form, would require the Secretary of Transportation to survey the necessary costs of modernizing, rehabilitating, or replacing rolling stock and fixed facilities to improve the reliability, safety and attractiveness of rail mass transportation systems and to prepare an allocation plan for capital assistance based on this survey. Unless disapproved by both authorizing committees of Congress, the plan would become final and appropriated funds would be allocated according to the plan. We believe that the method described by this proposal makes sense because it provides transit operating officials with a better estimate of the amount of capital funding that will be available and because it encourages a more rational analysis of real long-range capital needs.

We would suggest adoption of the Senate concept with two additions. First, we can see no reason for limitting the study to rail systems. Second, we believe that any study of capital needs must first delineate the goals that are to be achieved before assessing how much this will cost. For example, providing adequate equipment for service at a certain vehicle occupancy level will cost less than if we were to try to achieve far greater passenger comfort by providing more vehicles (and a resultant lower occupancy rate). We therefore recommend that the Secretary be required to set levels of performance reliability, safety, and attractiveness that shall be achieved before estimating the costs for achieving these levels. We additionally recommend that continued receipt of federal capital assistance be conditioned upon an operator's success in achieving these levels for which he will be receiving funds. In those cases where funds have been received and expended but where these have been wasted so that the prescribed levels have not been achieved, penalties upon the operator should be imposed. In sum on this point, while we support increased federal assistance for mass transit and greater regularity in the apportionment of funds now distributed at the Secretary's discretion, we believe that it is of the utmost importance that these funds be used wisely. Only when accountability for efficient use of funds is guaranteed will transit riders be assured of decent service and taxpayers assured that their tax dollars have been well spent.

Testimony of Neil B. Goldstein on Behalf of the Sierra Club
Before the Housing and Urban Affairs Subcommittee
March 19, 1980
Accompanied by Christopher Meyer of the National Wildlife Federation

The Sierra Club is pleased to testify today in favor of the proposed programmatic changes and increases in authorization levels for mass transit contained in S. 2296, the Federal Public Transportation Act of 1980. We believe that proposals in the bill such as those contained in Section 7 are a step toward increased efficiency in the use of federal transit funding while the proposed authorization increases in sections 3 and 5 reflect a growing awareness of the importance of mass transit at a time when our nation faces energy problems. We favor, in fact, steps even stronger than those contained in S. 2296 to increase both capital and operating assistance and to target funds (including steps, such as those included in the bill which Secretary Goldschmidt transmitted to Congress two weeks ago, which would improve efficiency of the section 5 program by targetting funds to areas providing higher levels of service and by providing incentives for operating efficiency).

Transit Fares and the Cost of Living

How can increased mass transit funding beyond that contained in S. 2296, be justified at a time when the President has suggested paring the budget by billions to reduce inflation? With proper incentives to assure that increases in federal section 5 operating assistance to localities do not merely lead to commensurate operating cost increases, such increased assistance could help offset deficits which would otherwise have to be made up by fare revenues. In short, unlike some other federal programs, because sec. 5 operating assistance can offset portions of the fare, sec. 5 provides a direct monetary benefit to consumers. The anti-inflationary impact of this transit fare offset often is significant, because of the significant portion of the Consumer Price Index that public transportation constitutes in many cities.

For example, we can compare the impact of transit fare changes with the reduction of $ 20 billion of the federal budget, since Alice Rivlin, of the Congressional Budget Office provided this latter figure just last week, during Budget testimony. According to Ms.Rivlin, this massive $20 billion cut would cause a .325% drop of the CPI below the value it would otherwise reach after 3 years, based upon econometric modelling (using historical trends). This .325% would amount to a first year decrease in inflation of about .1%. By comparison, nationwide, mass transit spending is equal to .385% of the CPI. We could not disaggregate U.S. figures to develop a city by city analysis of the transit share of local CPI values, but we can provide a listing in representatives cities for "Public Transportation" of which, nationally, mass transit costs represent 36%. If we apply this nationwide average to individual cities, we find that mass transit has the following impact on the CPI in the following cities:

	Mass Transit as % of CPI (est.)	Inflationary impact of 25¢ transit fare increase *
Chicago	.62	.26%
Boston	.58	.58%
San Francisco	.40	.20%
Houston	.39	.19%
Baltimore	.37	.23%
Detroit	.37	.18%
Denver	.32	.16%
Milwaukee	.31	.15%

* This assumes that ridership remains constant

Table 1.

In other words, in every one of the cities above, a 25¢ fare increase would have more of an impact on the cost of living than a $20 billion decrease in the federal budget.

Operating Assistance Used for Maintenance & Repair Drastically Reduces Capital Expenditures

Section 5 operating assistance can be used in still other anti-inflationary ways beyond lowering local transportation costs. Operating assistance, when used for maintenance and repairs, can extend the useful life of equipment and thus reduce capital expenditures. For example, UMTA's accepted policy for bus replacement indicates that a bus should last for 12 years. Actually, because of the inavailability of sufficient funds to purchase new buses, the average bus in use in the nation's cities is retained for 17 years, or 1 5/12 of the UMTA-anticipated lifetime. Since each new bus currently costs $125,000 and, stretching its lifetime out to 17 years instead of 12 will allow an average 5 years of use without capital expenditure that would otherwise be required, the effective capital saving per bus is $52,083. However, to accomplish this saving requires higher annual maintenance and repair costs than would be possible with a new bus, since older buses break down more frequently and are more difficult to repair. A maintenance and repair cost function developed for the city of Seattle by Rodney Armour of "Metro" (Seattle's Transit Agency) indicates that:

Annual Cost of Maintenance & Repair = $(.1035\ N + 1.22)\ M\ (C)$

[where N is the age of a bus
M is the number of miles this average bus travels annually
and C is the direct cost per mile for operating
a new bus coach.]

If we install values for M and C in this equation to reflect the distance an average bus travels (approx. 40,000 miles) anywhere in the U.S. and apply the Seattle figure of 6¢/mile for C (Seattle bus operating costs are similar to those in other major cities), we can calculate that the cumulative increase in operating costs for running a bus 17 years rather than operating it for 12 is $621 per bus per year or $10,557 over the 17 year life of the average bus.

In sum, to save $52,083 of capital costs per bus, an operator must be willing to spend $10,557 extra per bus on repairs and maintanance. Certainly, federal operating assistance to enable cities that face operating deficits to make the necessary operating expenditure is very cost effective. Each federal dollar spent this way can save over 5 dollars of federal capital funding.

Our conclusions regarding the importance of maintaining a mix between capital assistance and operating assistance are supported by a Feb. 26, 1973 Joint Economic Committee Report entitled "The Economics of Federal Subsidy Programs." That study quantifies the losses that were incurred by limiting federal transit assistance to capital assistance. Amongst the study's conclusions is the following conclusion which parallels our own and goes one step further toward the conclusion that inadequate operating assistance increases wasteful capital expenditures:

> **Enterprises are also strongly encouraged to neglect maintenance and accelerate equipment deterioration with age. Ever-increasing capital intensity, as exampled by the Bay Area Rapid Transit District's choice of technology in San Francisco, can be expected to push the operating cost savings to the point where the Federal Government's entire two-thirds contribution is wasted on marginal investment projects. In short, it is not likely that transit firms will be content to achieve cost savings with underutilization of current technology; instead they will choose very highly capitalized technology that will shift substantial sums of local operating costs to federally shared capital costs regardless of the inefficiency. The ultimate consequence will be the development of "throwaway buses" which, like paper cups, have no maintenance costs.**

pages tightly bound

best copy available

The Failure to Provide Transit Capacity to Meet Demand Could Waste Millions of Gallons of Gasoline

While our argument to this point has focussed upon section 5 assistance, we feel equally strongly that adequate and well-targetted capital assistance is timely as well. Expenditures which make it possible to accomodate an increasing nationwide passenger load make possible gasoline savings (as people switch from autos to mass transit) and have the ancillary benefit of helping to clean the nation's air.

According to UMTA's office of Transit Assistance, from the beginning of the UMTA program in 1965 to the end of this last fiscal year (1979), approximately $1.7 billion, or 20% of all rail transit capital expenditures resulted in direct additions to the nation's rail transit car fleet (including commuter rail, light, and rapid transit). 70% of bus and related money has gone for purchase of buses. Applying APTA estimates of $125,000 for purchasing each bus; rail car costs of $800,000; annual average passenger trips of 97,260 per bus and 239,000 per passenger rail car; and U.S. DOT's 1974 National transportation Report figures for average trip length of 3.7 miles by bus and 6.6 miles by rail, we can estimate the energy and air pollution impact of reduced capital expenditures for mass transit. For example, an expenditure of $2 billion for rail transit and $500 million for buses and related equipment, permits equipment purchases of 500 rail cars and 2800 buses. These vehicles accommodate passengers that, if otherwise forced by the inavailability of mass transit to travel by automobile, would travel a total of 1.5 billion passenger miles by car (this assumes trip length would remain the same despite the change in travel made and that all cancelled transit trips would divert to auto).

This 1.5 billion passenger miles of urban auto travel, at 14 miles per gallon, and average vehicle occupancy of 1.6 people (this urban occupancy probably understates our case since it includes non-commuter travel whereas transit inavailability would likely occur at peak, commuter times) would consume 70 million gallons of gasoline per year. If people had travelled by transit instead, the savings would amount to 58 million gallons of gasoline equivalent or over 1 million barrels of petroleum.

One caution must be made regarding this matter of auto diversion to mass transit if there existed insufficient capital to finance rolling stock and purchases. Many past statements and studies have correctly indicated that increased transit service or reduced fares do not directly translate into reductions in auto use. Providing a service increase such as the capacity to accommodate one extra mass transit rider will not at most times induce one auto driver to switch to mass transit. In the past, increases in transit service or reduction in fares have often resulted in diversions to transit of auto passengers, walkers, users of other transit systems, and people who formerly stayed home. Only reductions in auto drivers and their diversion to transit will save energy and reduce pollution. In fact less than half the diversions historically have been former drivers. For example, a study for FEA entitled Energy

Conservation Potential of Urban Mass Transit illustrated how a 25¢ reduction in Atlanta's transit fare caused a transit ridership increase, of which former auto drivers constituted only 42%.

Our figures above however, are not intended to quantify this phenomenon of diversions caused or "induced" by instituting reduced fares or services. Rather, our figures are based on the 1980 reality that many drivers, faced with the option of high gasoline prices, have already chosen mass transit but are precluded from this option. In short, conditions in 1980 have significantly changed to the point where transit expenditures must respond to supply capacity to meet the new demand rather than induce ridership. Failure to fully supply this adequate capacity, or any decreases in capital assistance which would reduce capacity will obviously, preclude the use of mass transit beyond capacity constraints and will force auto use as an alternative. It is the energy and pollution impact of this process that we have attempted to quantify above.

Actual transit ridership increases this year have been occurring at a 7% rate. From the current base of over 7.8 billion (unlinked) passenger trips per year, this increased ridership, if current densities of riders in vehicles remains constant, will require the purchase of thousands of extra vehicles to accommodate the load. APTA has estimated that 36,700 buses will be required just to meet this increased passenger load in the next ten years, over and above an estimated 44,500 buses which will be needed to replace the current fleet as buses are retired.

In other words, the demand already exists at levels which require increased expenditures for new equipment purchases at the levels in our illustrative example above. Failure to meet this demand will have energy consequences which will adversely affect every region whether urban or rural.

Air Pollution

The use of mass transit prevents air pollution. Every driver diverted from auto to bus or rail transit means a reduction in emissions of harmful carbon monoxide, hydrocarbons, nitrogen oxides and particulate matter. Because of the uncertainty in calculating what level of diversion to mass transit will occur as a result of transit expenditures (elasticity figures are especially unreliable now because of the added factor of rapidly rising gasoline prices), we have not attempted to quantify the air pollution impact of mass transit spending. We have, however, estimated the air pollution impact of shortages in funds in the face of existing demand. For example, using the figures just described in our discussion of gasoline consumption, we can calculate that the inavailability of the 500 rail cars and 2800 buses discussed in that example would lead to the following otherwise unnecessary pollution emissions:

Tons of emissions (annual rate)			
Hydrocarbons	**Carbon Monoxide**	**Oxides of Nitrogen**	**Particulate Matter**
568	5629	1344	192

Table 2.

Recommendations

Our arguments above provide a basis for our belief that mass transit funding makes economic, energy, and environmental sense and that both capital and operating assistance expenditures are required for the most cost-effective mix of federal transit funding. From these general conclusions we have proceeded to the following specific considerations and conclusions as well:

The Sierra Club supports changes in the UMTA program that will assure that operating assistance is used in the most efficient and effective manner possible. Section 5 allocation formula changes which lead in this direction will accomplish two important goals. First, a greater share of funds will be available where they will do the most good in offsetting inflationary fare increases and in making possible vehicle maintenance which would otherwise be deferred and create concomittant increases in capital costs. Second, changes such as incentives for service level improvements and for financial efficiencies in operations would help assure Congress and the public that section 5 increases will be employed in productive ways, rather than offset inflationary cost increases.

The Sierra Club therefore urges as amendments to S. 2296, the adoption of several provisions of the administration's mass transit proposal!

we support Sec 104 (a) of that proposal; changes prescribed by Sec. 104 (b) regarding sections 5 (a) (1) A and 5 (a)(1)(B) of the Urban Mass Transportation act; section 104 (c); and section 104 (f).

Adoption of provisions in 104 (a),(b)and(c) will target money where it is most needed. Although it has sometimes been argued that a formula based upon revenue vehicle miles encourages increased vehicle purchases and lower per vehicle passenger density, because such a formula change also targets money to areas of high vehicle revenue miles these service level increases appear to be appropriate and productive. Further, targetting funding to areas of high vehicle revenue miles itself puts the money where it is needed most. In other words, on balance, the formula change would help to put federal transit funds to more effective use.

Equally important for our support of this provision, this formula change will encourage greater operating efficiency, since an operater who spends money for increasing vehicle revenue miles rather than for non-productive purposes will, under the proposed change, receive more assistance. Section 104(f), further, encourages operator efficiency, directly, by providing an incentive grant to those who reduce the denominator (operating expenses) of the ratio between operating revenue and operating expenses.

The Sierra Club also supports changes contained in section 7 of S. 2296 and in the administration bill to apportion grants for the purchase of buses and related equipment on a revenue vehicle miles basis for these same reasons.

Other Proposed Changes in the Apportionment Formula

While we support these changes in the apportionment formula for section 5 funding, we believe that further worthwhile changes are possible. We support the change in the section 5 apportionment formula to incorporate air quality criteria and set-asides of section 3 and section 8 planning assistance funds to meet air quality considerations, recommended in testimony submitted today by the National Wildlife Federation (NWF). As the NWF points out in their testimony, the Surface Transportation Act of 1978 requires the Secretary of Transportation to recommend measures for incorporating air quality criteria into UMTA allocation formulas.

Recommendations Regarding Authorization Levels for Section 3 and Section 5

While we support the administration's apportionment formula changes described above, we cannot concur with their authorization recommendations. For the period FY 1981 - FY 1985 we believe that S. 2296 more accurately reflects transit needs. In fact, even the S. 2296 proposals reduce some categories of transit assistance to dangerously low levels when viewed on a real dollar, per-passenger basis. For example, starting with FY 1981 as the base year, annual increases in the section 5 authorization level are likely insufficient to maintain current real dollar authorization levels in the face of double digit inflation and clearly are insufficient to additionally accommodate increasing transit ridership. Specifically, although the average inflation rate for transit operating costs these past two years has been 10%, the FY'81 inflation rate will likely more than offset the 13.2% increase in authorization for Sec. 5, FY 1982 funding prescribed by S. 2296. In addition, with current transit ridership increases of 7% per year, total nation-wide operating costs will further mount beyond FY '81 levels by FY'82. Together, these two figures indicate that the S. 2296 recommended levels for section 5 funding for 1982 will fall below the FY 1981 authorized per-passenger levels for federal operating assistance. If inflation and ridership increases continue at current levels, this real dollar, per-passenger diminution of section 5 funding will persist in FY'83 and subsequent years as well.

We recommend that, at a minimum, section 5 funding be increased beyond the levels in S. 2296 to more realistically reflect the current rate of inflation and to reflect projected increases in ridership which were unanticipated just a few short months ago.

These unanticipated ridership increases have resulted, in part, from increases in energy costs. Happily, these same increases in cost will provide unanticipated tax revenue which can be used to fund the necessary transit funding increases (These revenue increases were unanticipated when the administration framed its initial windfall tax transit proposals and amount to over $200 billion over the lifetime of the windfall profits tax. If we were to maintain the share of this sum at the same percentage for mass transit initially envisioned when the tax was proposed, authorization levels in S.2296 would have to be raised; they fall far below the percentage originally envisioned).

We recommend, further, that if the administration's proposed changes in the section 5 apportionment formula are unacceptable, that other measures to achieve equity for high ridership areas be pursued. For example, if the Committee believes that changes in the allocation formula are inadvisable, we would recommend that the authorization level be increased for those tiers of the current formula which favor areas of high ridership.

It must be stressed that changes in the apportionment formula, as has been recommended by Secretary Goldschmidt, to achieve equity for areas of high ridership will require less funding than this latter proposal.

Finally, we support the authorization levels for section 3 funding in S. 2296. We believe that these funding levels are needed to accommodate increasing ridership. As we have stated previously in our testimony, failure to provide adequate rolling stock and support facilities to meet increases in ridership demand will force reliance upon energy-wasteful and polluting alternatives.

Mr. **HOWARD**. Please proceed.

TESTIMONY OF NEIL B. GOLDSTEIN, NATIONAL CONSERVATION REPRESENTATIVE, SIERRA CLUB; AND ON BEHALF OF THE NATIONAL WILDLIFE FEDERATION.

Mr. **GOLDSTEIN**. Thank you.

On behalf of the Sierra Club and the National Wildlife Federation, I would like to thank the committee for providing these additional days of hearings beyond the time originally scheduled, and for affording us the opportunity to testify.

As I stated in my request to the committee, I intend to make my comments today quite brief, and to rely on the testimony that I presented to the Senate Banking Committee for their March 19 hearings to provide more details for this committee and for the House.

Committee Chairman Johnson has already notified me that my Senate testimony will be incorporated in today's hearing record.

Mr. **HOWARD**. It has been made a part of the record along with your prepared statement for today.

Mr. **GOLDSTEIN**. Thank you very much.

I would like to briefly summarize that testimony, therefore, and to add comments on matters that are specific to H.R. 6417, and which were thus not covered in my Senate testimony. That written testimony stresses the importance of mass transit for saving fuel for all Americans, whether they live in the area served by transit or not; because transit ridership has been increasing at an annual rate of 7 percent due to rising gasoline prices. Transit ridership capacity must be increased, or new riders will be forced back into their automobiles. The energy impact on our Nation of this rediversion to cars cannot be calculated using traditional means which indicate the number of new transit riders which can be induced into using transit for each Federal dollar spent.

The energy impact far exceeds this impact, calculated at a time of lower gasoline prices. I think that a concrete example might help here, and this is just to take a look at the action of the Senate Budget Committee over the past few days. They've recommended cuts on the order of $1.2 billion, and then some additional funding cuts as well in fiscal year 1981. The effect of that would be that the entire increase in ridership that we would get over the next several years—which may be in the order of 6 or 7 years—would be incapable of riding the additional mass transit that would be needed to meet this demand. That funding is necessary to provide the vehicles to meet that demand. If we don't provide the funding, those people will be forced back into their automobiles and that would have a tremendous impact on the energy supply in our Nation.

I'd like to also make another little comment here concerning ridesharing versus mass transit, because this issue came up this morning. I think it's important to keep in perspective that when DOE was asked to make a comparison between the energy impact of spending a dollar for ridesharing, or spending a dollar on mass transit, that this committee look at the results with great care; because you have to be sure not to just look at the inducement effects of the dollar spent, but also this effect that I just named of not providing adequate funding to provide vehicles to accommodate increased transit demand.

Incidentally, another comment that was made concerning ridesharing was that perhaps there is competition between ridesharing and mass transit, and that ridesharing might draw away people who would go on to mass transit vehicles if the ridesharing were not in place; and I think that's something that also has to be understood in the context of increasing transit ridership. We need both ridesharing and mass transit. They should not be juxtaposed one against the other; because as transit demand increases at the current 7 percent per year, we don't have enough capacity to handle those increased riders. I think rather than try to juxtapose ridesharing versus mass transit, the one issue that does have to be looked at extremely carefully and this committee should consider being absolutely certain that these are not juxtaposed one against the other, is funding these two purposes.

The UMTA representative here today suggested that there is some flexibility in section 5 funding, that perhaps that money should be used for ridesharing purposes. He suggested that there was a significant sum of money which is not being used under section 5, and I think that is a—I hope he has not given a misimpression to the committee. It is my understanding that the reason that money is not being used currently is because under the current formula there are a significant number of cities which are apportioned funds which don't even have transit systems. Cities which do have transit systems need operating assistance. It's not as if we had a great bundle of section 5 funding that was going unused in those cities.

The other point I would like to stress from my written testimony is that operating assistance is an absolutely essential component of any rational Federal assistance program for mass transit. Operating assistance saves capital dollars by enabling local transit operators to repair and maintain equipment that would otherwise be scrapped. Funding operating assistance at a level too low will actually cost taxpayers money as the Joint Economic Committee indicated in 1973. Capital assistance without operating assistance could lead in the ultimate case to throw-away buses which operators will treat like paper cups. It is for this reason that we hope that levels higher than that in H.R. 6417 would be approved. It is my understanding that the levels in that bill are on the same order as the levels in the Senate bill with one exception where H.R. 6417 is higher—I believe that is in fiscal year 1981.

However, for years subsequent to that, for 1982 onward, the levels in S. 2296 are higher, and we would hope that this committee would opt for those higher levels.

Here are two specific items regarding H.R. 6417 not covered in my written testimony that I would like to discuss today.

First, the Sierra Club and the National Wildlife Federation support section 115 of the bill to amend section 135 of title 23, United States Code, regarding transportation systems management. There is extensive evidence that intelligent management of roadway transportation can reduce traffic on our roads, speed riders to their destinations, and improve pedestrian and rider comfort. TSM concepts including facilitating ridesharing which was discussed this morning, providing preferential treatment for high-occupancy vehicles, reducing congestion through traffic management—for example, parking controls, and pedestrian zones—and influencing the time distribution of trips—especially trips to work through staggared work hours and flex-time—have been tried and proven.

In San Francisco, thousands of employees are permitted to arrive or leave work with a 45-minute window. Thirty percent of the employees have chosen to come to work earlier than previously. At one San Francisco firm, half of the riders are permitted flex-time on this basis, while the other half of the companies employees must arrive at and leave work at a set time. This experiment results in flex-time employees carpooling and using transit, too, far more often than the set time employees, presumably because flex-time permits riding at times when mass transit is less crowded.

In Knoxville, Tenn., TVA has initiated an express bus program based on computer analysis of employee residences. Supported by homeowners associations in Knoxville who provided supplementary potential ridership data and who secured park-and-ride lots from churches and shopping centers, many of them free of charge, the system carried 109,000 riders in its very first year. Solitary riders were reduced by 50 percent in 2 years, and bus ridership increased 700 percent.

High-occupancy vehicle lanes and fixed guideway systems have been shown to work as well. Two lanes of a six-lane San Francisco-Oakland Bay Bridge are restricted to carpools and buses. These two lanes carry 40 percent of the traffic and save 8 to 9 minutes of the average 30-minute commute. On the Golden Gate Bridge one lane carries 35 percent of the traffic. For a trip the length of this lane plus its extension in Marin County, drivers can save 10 to 15 minutes of the normal 25-minute commute. One lane on I–495 New Jersey at the entrance to the Lincoln Tunnel carries 350 buses in the peak commuting hour, and carries as many passengers as the three adjacent lanes combined.

Minneapolis' Nicolett Mall has proven that pedestrian levels where cars and buses are excluded managed concurrently with pedestrian lounges, bus boarding signs, and a special level for cars and buses can increase mass transit ridership. In this case, the project has proven so popular that private businesses have provided the skyways which permit the separate pedestrian level.

Perhaps the Nation's most successful example of car and van pooling can be found in the Seattle-King County commuter pool program. Computer ride matching has been able to match 95 percent of all applicants with an average of four other applicants. Additionally, vans are provided at a fixed monthly fee to commuters, and free of charge to volunteer drivers. Car and van pools are permitted priority on- and off-street parking at reduced rates, and many park and pool lots have been provided. Both the number of vans and park and pool lots are slated for expansion. One hundred twenty companies in Seattle have also instituted flex-time. The result of these combined efforts is ridesharing city-wide 5 percent above the national average. If this effect were duplicated nationwide, it would mean a savings of 8.75 million gallons of gasoline per day.

One comment I would like to make here which I think is quite important is that the testimony this morning pointed out how many systems are voluntary. That's true, but that does not mean that Federal funding assistance wouldn't go a long way toward making sure that those voluntary systems work. From the examples I have just named, for example, the Seattle system where there is computer matching, that is not done for free. There's a cost to that, and Federal incentives to carry out those sorts of programs would mean more people would be able to use the TSM concepts that I've enumerated.

Perhaps the most dramatic illustration of the vast potential for ridesharing could be seen in the recently past New York City transit strike where average vehicle occupancy during the transit strike rose from 1.5 passengers per vehicle to 3.3. On some roadways, the level reached an average of 4 passengers per vehicle, an additional 50,000 to 60,000 commuters into Manhattan each day by bicycle on 10 miles of designated bikeways. The result of this experience, Mayor Koch has indicated that efforts will be made to continue ridesharing and bicycle access now that the strike has ended because of the benefits which they have proven to provide. Governor Carey this morning seconded his support for carrying forward with these TSM concepts.

The second point that I would like to make today pertains to planning for capital expenditures made for modernization or rehabilitation of transit systems. This is a point also seconded by Governor Carey this morning. S. 2296 if passed in its current form would require the Secretary of Transportation to survey the necessary costs of modernizing, rehabilitating, or replacing rolling stock, and fixed facilities to improve the reliability, safety and attractiveness of rail mass transportation systems, and to prepare an allocation plan for capital assistance based on the survey. Unless disapproved by both authorizing committees of Congress, the plan would become final and appropriated funds would be allocated according to the plan. We believe the method described by this proposal makes sense, because it provides transit operating officials with a better estimate of the amount of capital funding that will be available, and because it encourages a more rational analysis of real, long-range capital needs.

In addition, it leads to greater equity in that currently as I understand from Governor Carey's testimony this morning, systems which are given funds under section 3 for rail modernization quite often were denied bus funds as a result of being in one program and not the other. Rather than having a program which forces cities to compete for one set of funding or another, it would seem more sensible to allocate funds on the basis of real need.

We would suggest adoption of this Senate concept with two additions.

First, we can see no reason for limiting the study to rail systems.

Second, we believe that any study of capital needs must first delineate the goals that are to be achieved before assessing how much this will cost.

For example, providing adequate equipment for service at a certain vehicle occupancy level will cost less than if we were to try to achieve far greater passenger comfort by providing more vehicles, and a resultant low occupancy rate.

We therefore recommend that the Secretary be required to set levels of performance reliability, safety, and attractiveness that shall be achieved before estimating the cost for achieving these levels.

We additionally recommend the continued receipt of Federal capital assistance be conditioned upon an operator's success in achieving these levels for which he will be receiving funds. In those cases where funds have been received and expended, but where these have been wasted, so that the prescribed levels have not been achieved, penalities upon the operator should be imposed.

In sum on this point, while we support increased Federal assistance to mass transit and greater regularity in the apportionment of funds now distributed at the Secretary's discretion, we believe that it is of the utmost importance that these funds be used wisely. Only when accountability for efficient use of funds is guaranteed will transit riders be assured of decent service, and taxpayers assured that their tax dollars have been well spent.

Thank you.

Mr. **Howard**. Thank you very much, Mr. Goldstein.

I am sure you're well aware that there has been a change in the riding habits of the public in the past months. In the last 3 months of last year, the use of gasoline in this Nation declined to a point 8 percent below the comparable level of the previous year and for the first 3 months this year, it's more than 9 percent below. We now have 31 straight months of increase in the use of public transportation. I wonder if, knowing that, whether you would care to say whether it is one thing, or a combination of things? Do you think that the people are really sincerely concerned about the energy situation and are looking for alternate ways to go to work or do you think it is just a personal thing with them where the cost of gasoline is doing this? Or could it possibly be that as transit programs are becoming modernized in many of our areas, transit is becoming more attractive just on its own?

Mr. **Goldstein**. I think it's a combination of those factors, but I must be honest to say that I think that the greatest impetus toward using mass transit comes from two places; one is the increased—actually three places—one is the increased cost, and also the difficulty of obtaining gasoline under certain circumstances; and I think that, secondarily, there is a psychological effect here of people's commitment.

I don't think, quite honestly, that this increase in ridership depends very heavily upon improvements in the transportation systems, because if you look at where the ridership is occurring, as I understand it, in many cases, the ridership has increased far in excess of the capacity of the transit systems. In fact, that runs to the heart of my testimony, that I think we need to purchase additional transportation vehicles.

I'd like to make a comment about the psychological impact, and I think there is this component. I think what it has to do is, when we see our people held hostage in Iran, which we have supported over the years because of oil, when we see ourselves held hostage by OPEC oil, I think the American public is quite concerned that we become less dependent on foreign oil imports. I think, therefore, the public is trying to do whatever possible about getting ourselves off of this habit of relying on foreign oil.

Now, this concerns me quite a great deal, because while the public is willing to take that step, I'm not certain that the Congress has yet taken that step. I see, for example, the Senate efforts to cut back on mass transit at a time when we have our people held hostage, and at a time when oil prices are skyrocketing, and I'm not convinced that the dedication is as strong in Congress as it is with the public.

Mr. Howard. Well, we do find that during the gasoline shortage period of last year, a survey was taken of 100 cities in the Nation. It was difficult to get gasoline in 47 of the 100 cities, and there was a marked increase in use of public transportation in 77 of them. So, there were 30 cities which had no trouble getting gasoline. They didn't have the long gas lines, but people were using public transportation. So, apparently there are a great number of factors at work I think in the direction of public transportation.

As to the budget that you spoke of, which will likely be a balanced budget approved within the next few weeks, which one out of the administration's budget, the House budget, and the Senate budget would you feel that you would support as far as transportation funding?

Mr. Goldstein. Insofar as transportation, I would support the House budget, and that was the point I was about to make, that in fact there is an opportunity for having both a balanced budget and having a level of transportation funding that makes sense.

Mr. Howard. Well, that is a battle that we are going to be fighting and we are very glad to have you say that.

Mr. Goldstein. We're very glad for support in the House for that proposal.

Mr. Howard. I think that the Senate's budget would be a disaster for public transportation; not only is the need still there, but it seems to be that public transportation is gaining momentum thoughout the country. There is much more confidence in it, and much more desire for it. I think it would be disastrous if we were to cut that short and kill that at this time.

On ridesharing, we did have some limited discussions on what you mentioned before—and I heard it back in my own district over the weekend—concerning the fact that there is a concern that vanpooling and carpooling are taking people perhaps not just out of automobiles, but out of buses as well. It seems to me that the people who are vanpooling instead of using buses are being forced to because of problems with the bus routes and bus maintenance in some areas. I would presume that this will not happen as much as we get to a time of having better buses and improved service. I don't think that as we get to the kind of transit systems in this country that we're all working for that we would be jeopardizing our public transit systems, by promoting ridesharing.

The gentleman from Illinois, Mr. Fary?

Mr. Fary. No questions.

Mr. Howard. Well, thank you very much. As you do know, we do expect to come up with legislation under the Budget Act. We are under a timetable to report it out of the full committee by May 15, and yet we can't move too decisively until we find out what the budget situation is going to be. In addition there is a request for supplemental transit legislation for fiscal 1980 in the amount of about $675 million, and I would imagine you would support the incorporation of that in the legislation which we expect to report.

Mr. GOLDSTEIN. Of course.

Mr. HOWARD. OK. Thank you very much.

Our next witness before the subcommittee this afternoon is Mr. Robert Somerville, president of Grumman Allied Industries. Mr. Somerville, welcome to the subcommittee. Please proceed as you wish.

TESTIMONY OF ROBERT W. SOMERVILLE, PRESIDENT, GRUMMAN ALLIED INDUSTRIES, INC., ON BEHALF OF GRUMMAN FLXIBLE CORP.

Mr. SOMERVILLE. Good afternoon, Mr. Chairman.

Our subsidiary, Grumman Flxible, manufactures urban transit buses and is located in Delaware, Ohio. I appreciate this opportunity to present our company's position on several vital transit issues.

We firmly believe that mass transit will play a vital role in solving our Nation's energy problems. You and your subcommittee have long recognized this and have led the way to a growing market for mass transit and transit equipment. Also we're encouraged to hear of the President's goal to increase transit ridership by 50 percent in this decade.

Quite frankly, Mr. Chairman, I'm not sure whether I should be assuring you of our ability to meet increased demand for new buses, or whether I should be seeking your help to obtain funds just to maintain our present production rates. As things now stand, less than 3,000 new buses will be funded in the current fiscal year.

Early last year, Grumman Flxible took several steps to increase production capacity. At that time we were introducing our new advanced design bus (ADB), the 870, and we were producing buses at the rate of about 15 per week. Through the combination of a 50-percent increase in employment, addition of a second shift, and accelerating tooling and equipment purchases, we increased our rate of production to 40 a week late in November of last year. We have produced as many as 50 a week recently. We now have more than 1,600 870's in heavy-duty transit service in many of our major cities.

Grumman Flxible is presently capable of producing over 2,500 units a year. Coupled with the efforts of others in the industry in the United States, a combined production of 5,000 to 6,000 transit buses per year is possible using in-place production equipment methods and facilities. This capacity compares very favorably with the transit bus market as projected by the DOT. If further capacity is required, I'm sure American firms have sufficient incentive to expand existing facilities to fulfill these needs.

Since the first of this year, there have been bids for only 216 advanced design buses. At our current production level, our lines will be empty by the end of this year, less than 9 months from today. Instead of considering a further increase in transit bus production, we're now faced with a reduction in the rate that we so carefully built up last year. We suggest that the flow of grant funds could be managed more closely by UMTA, and the equipment needs of transit authorities could be better coordinated to avoid the feast or famine nature of our procurement process. We also suggest that a central collection office be established at UMTA to track the status of outstanding grants, equipment purchase programs, and availability of matching local funds to greatly facilitate our production planning process.

We were encouraged by a proposal by Secretary Goldschmidt when he appeared here on March 26. The Secretary requested authority to purchase buses directly to assure a reliable and steady flow of orders to create a strategic bus reserve, and to improve the financial health and stability of the bus manufacturers. This approach has several advantages, the obvious production economies, and increased reliability associated with standardization of design, and long-term production could provide the customer with a lower cost bus. It would certainly eliminate the erratic production schedules we have experienced this past year and stabilize downstream business.

Most of these advantages, however, could also result if funds for the additional buses were made available more rapidly through existing channels. I do not understand the De Lorean Motor Co.'s contention that the DMC-80 is a transbus. A lower floor is achieved by depressing the aisle between the seats. The depressed aisle makes the bus non-wheelchair accessible, and this was specifically disallowed by the Department of Transportation when major U.S. firms were asked to bid on transbus. The DMC-80 is advertised as having a fuel consumption of 5 miles per gallon, but this is without air-conditioning, a requirement of both the transbus spec, and the current white book specification for the ADB's.

We cannot understand why the Federal Government provides American manufacturers with specifications from which no deviation is permitted, and then liberalizes specifications to encourage a 15-year-old bus concept developed overseas.

This is a complex comparison; the transbus, the ADB, the DMB/80, or S80. I would recommend that one of these so-called transbuses be turned over to the bus technology committee of UMTA and truly measured against the transbus spec, the ADB white book spec, and of course, all applicable Federal motor vehicle safety standards. If in that objective analysis the De Lorean bus meets the specifications, then we are indeed ready to compete on common ground. If it does not, then our taxpayer's money is being spent on something that does not meet the requirements to which American manufacturers are being held.

My staff stands ready to assist the Department of Transportation in any evaluation that might be held in the future. Many Americans in our automotive industry have joined the ranks of the unemployed. Grumman Flxible purchases axles, transmissions, diesel engines, brakes, tires, and many other components from the domestic automotive industry. Recently, General Motors, both a supplier and a competitor, announced it is cutting production at 7 assembly plants and idling 12,000 workers. Last Thursday, Ford announced the closing of their Mahwah facility, idling additional thousands. Others in associated industries have also had substantial cutbacks. We question the wisdom of spending Federal money to encourage foreign bus competition when, as I have stated earlier, at current production levels all lines could be slowing down by yearend, and at the same time, ridership is constantly increasing in the face of higher fuel costs. We strongly oppose the commitment of Federal funds that gives unfair advantage to foreign competition. On the other hand, we welcome and encourage fair, even competition under the same specification restraints.

The advanced design buses were developed in a painstaking manner according to the needs of transit users and operators in this country, as well as the desires of the Department of Transportation. These attractive buses are truly helping to lure Americans out of their automobiles and into public transit. We believe the white book approach contributes significantly to the stability and balance in the transit bus industry, and we're pleased to continue to work with the Department of Transportation to modify and improve these specifications. To this end, we have recommended that the present weight incentives be retained, that additional credits be provided as an incentive to improve brake and tire life over and above what is now called for, and that air-conditioning be made an optional feature. These recommendations and additional incentives will encourage our industry to make vital improvements in these critical areas.

This concludes my statement, Mr. Chairman.

Mr. **Howard**. Thank you very much, Mr. Somerville. I'd like to ask you just a couple of questions. As to the three budgets that are before the Congress at the present time, the administration budget, the House budget, and the Senate budget, do you have a preference as to which one you would hope would be the——

Mr. **Somerville**. The House budget.

Mr. **Howard**. The House budget. Thank you.

The fact that perhaps due to some operation of the UMTA program, or American bus purchases that you're in a situation of not having to show that you can increase production, but in danger of decreasing production because orders are not there——

Mr. **Somerville**. That's correct.

Mr. **Howard**. However, buses are being purchased all over the world. I know that Saudi Arabia is just going into a multibillion-dollar program for buses, and I understand all the intercity buses that are going to be used in that system are Mercedes-Benz, and I guess all the intracity buses are another German company——

Mr. **Somerville**. Man, I believe.

Mr. **Howard**. I'd like you to comment, then, as to why Grumman's buses aren't over there.

Mr. **Somerville**. I think the day will come when Grumman's buses will be over there. I think that at the present time our responsibility is to satisfy the needs in this country. Our bus is designed to satisfy——

Mr. **Howard**. Well, since you could maybe produce more than you do now and satisfy the, as you say, the little bit the United States is doing in this area, why aren't you?

Mr. **Somerville**. I think the day will come when we will be competing overseas.

Mr. HOWARD. Well, you know we do have a "buy America" provision in our legislation, and we have a very, very, difficult time getting this kind of legislation passed, and yet it seems that there are an awful lot of waivers. We've seen it mostly not in the bus field, but in rail systems purchases. We've seen in the past the MARTA system in Atlanta go overseas, and the SEPTA program in Philadelphia recently go to a Japanese group. As a result we are thinking of possibly finding a way to strengthen the "buy American" provision, but in a way that considers the dollar and cents problems of the American taxpayer. A great deal of our economic problems today are related to the amount of money that's going overseas, mainly for petroleum, and we hate to go into a program here that would see that the jobs produced and the economic benefits would not being available to our American people.

Now, I don't know whether you do any bidding overseas or not, but if you did, you would have some additional costs that perhaps other nations do not have, such as meeting OSHA requirements which many nations don't have. That certainly has to be a built-in negative for you in preparing your bids because of the Federal regulations you have to observe. Perhaps the gentleman from Minnesota would be interested in this line of testimony and maybe surprised that I'm bringing it up. I was pointing out the fact that many of our companies are at a disadvantage in one area because of the OSHA requirements that we have thoughout our industries, and that does cost more and puts an American firm at a disadvantage in bidding with a foreign firm. You probably also have an awful lot of redtape, paperwork, and perhaps expense involved in EPA requirements that would also be a problem. We do know that through one means or another a lot of foreign companies are being subsidized by their governments which puts the American firms at a disadvantage.

What would you think of perhaps some kind of ruling to make bidding more competitive? We can't do much about what they're doing in other countries, but we could have a differential taken into account. If you have certain costs that the Federal Government is requiring you to make—I'm for the labor safety programs and the environmental programs—but when another foreign country which does not have them bids for buses, those costs could be added to their bid.

Mr. SOMERVILLE. I think you would have to very carefully consider an approach such as that one. Let me state categorically that the Grumman Corp. absolutely stands for free trade and open competition.

Mr. HOWARD. And fair competition.

Mr. SOMERVILLE. And fair competition.

Mr. HOWARD. Well, I'm talking about fairness here.

Now, how would you like it if we get all of this Federal money here and it turns out you—or any other American company—does not get the award, and we're bringing a lot of buses over from other countries, and you just can't compete enough in your bids because of these regulations.

Mr. SOMERVILLE. This is why I say, let's compare bus for bus against the white book spec, the transbus spec, the EPA requirements that are forced upon our diesel engines. Let's just make sure we compete on even ground.

Mr. **Howard**. I don't know, this 10-percent differential, I don't know whether it's in the law or whether it's in regulations but this goes beyond that because there are many things, including tax differences, that we do have. Do you think that you could cut your costs to a degree and make things much——

Mr. **Somerville**. Absolutely. Standardization will reduce costs. Bulk purchases will reduce costs.

Mr. **Howard**. There seems to be an idea that Secretary Goldschmidt, to his credit, did come up with when he first came in here and it does seem to make a lot of sense. It would be able to cut down the time problem that you have so that you don't have to retool for every municipality that wants to order some buses. I'm not sure, you know we see so many new design buses, but I do hope the kind of bus you will be making now will be the kind with the very large windows that give much more brightness. I've noticed that that seems to make a bus ride much more desirable than say the older——

Mr. **Somerville**. That's correct. The windows are very large in the ADB buses.

Mr. **Howard**. The older buses had windows almost like an airliner window, and you almost felt like you were getting into a closet. I just hope that we're able——

Mr. **Somerville**. We're talking about a bus with large windows.

Mr. **Howard**. Fine. Well, we're certainly going to do all we can in the field of mass transportation. I think in this subcommittee and Senator Williams' subcommittee, we've been making a lot of advances in the past years, and we're going to see that we keep our priorities where we had placed them by votes in the Congress in the last several years, and hope that we will be able to see you and your organization straining to meet demands.

Thank you very much.

Mr. **Somerville**. Thank you very much.

Mr. **Fary**. Mr. Chairman, could I ask the gentleman a question?

Mr. **Howard**. The gentleman from Illinois.

Mr. **Fary**. Just one question.

Do you know whether the De Lorean Motor Co. plans to build a plant in this United States of America for the manufacture of its buses?

Mr. **Somerville**. I do not know that.

Mr. **Fary**. You do not know.

I thank you very much.

Mr. **Howard**. The gentleman from Minnesota, Mr. Hagedorn?

Mr. **Hagedorn**. Mr. Chairman, I was only curious about the diesel engine comment you made that—they don't have to apply the same standards as we do in this country? Did I understand that correctly?

Mr. **Somerville**. That's absolutely correct. That's why I suggest that the DMC-80 be measured against our specifications.

Mr. **Hagedorn**. I think you're exactly on target. I think that if we allow anything less than what we mandate of our own manufacturers in this country is unfair and, that it should be prohibited from being considered for a bid even. But I do want to express my concern about the tremendous number of foreign buses that are coming into this country. I remember back in, I believe, 1976, one of the communities in my district got a very significant grant for a mass transit program in somewhat of a rural urban setting, Mankato, Minn., and they promptly went out and took bids from a Mercedes company for $960,000 worth of buses; and that does look a little odd out there in rural Minnesota seeing this fleet of foreign buses running up and down the streets, and I concur wholeheartedly with your statement.

Mr. **Howard**. Thank you, Mr. Somerville. I don't know whether or not if we have our expanded program that you can fill all the needs that might come your way but should there be a need to expand, there is a readily available plant of similar type in northern New Jersey with over 5,000 skilled employees who would be anxious, I'm sure, to convert from Ford automobiles to Grumman buses. Keep that in mind if you get more business than you can handle.

Thank you very much.

Mr. **Somerville**. Thank you.

Mr. **Howard**. The final witness we have before us is Mrs. Kay Neil, the executive director of the International Organization of Overcoming Mobility Barriers.

Mrs. Neil, welcome to the subcommittee. We're very happy to have heard from you before, and have had your views on legislation in our past bills. We do have a copy of your testimony, so, please proceed as you wish.

TESTIMONY OF MRS. KAY E. NEIL, EXECUTIVE DIRECTOR OF OVERCOMING MOBILITY BARRIERS INTERNATIONAL, INC., EXECUTIVE DIRECTOR OF EMPLOYMENT ADVISORY COUNCIL FOR THE HANDICAPPED

Mrs. **Neil**. Thank you.

As you stated, my name is Mrs. Kay Neil. I live in Omaha, Nebr., and I am the executive director of Overcoming Mobility Barriers International, Inc. I also have some other responsibilities, and I will simply highlight those. They are described in the testimony.

I'm executive director of the employment advisory council for the handicapped, and special adviser to our transit authority board of directors. Some other responsibilities I have had in the past are chairman of the Omaha mayor's advisory committee on the handicapped in the Nebraska Governor's committee on the employment of the handicapped. I'm a member of an A-95 review body at the local level, the regional level, and I'm a member, newly appointed member of the National Architectural and Transportation Barriers Compliance Board.

I am a polio victim of some 31 years.

Section 16 of the UMTA Act states that the handicapped and elderly have the same rights as others to utilize mass transportation facilities and services, including special efforts. I believe we must go one step further. If we, the handicapped and elderly, have the same rights, we must then have the same obligations and responsibilities. Therefore the fulfillment of my rights must not infringe on the fulfillment of yours. In a long way around to say, to ride a bus with others who are not physically or mentally handicapped and who need special services such as curb cuts, lift operators, wheelchair securement devices, and so forth, is an infringement when there is another way.

If the figure is between 2 and 3 percent ridership by the handicapped of accessible buses, no dollar amount is justified when the other way may be costly, but percentage of ridership is even higher.

Let's examine the "most bang for the buck theory." Cost studies state $7 to $10 per person per trip for a $1 ride, door to door, curb to curb, et cetera; but if you're transporting 40,000-plus one-way trips, as Omaha did, with 9 vehicles in full service for 1 year in its second year of operation, just imagine what you could do with the continued door-to-door service. These people are transported to jobs, educational opportunities, social activities, entertainment, medical appointments, grocery store, shopping centers, et cetera. The bang is bigger, and sends more ripples into the economic stream than does a bus carrying 1,000 to 4,000 riders ratio to the same activities as it did in San Diego.

Dollars are important, crucial, essential; but maybe you should guide your thinking toward results of the expenditure rather than a one-shot solution to a multifaceted problem if that is what section 16 is intended to do; and I believe that that is what Congress intended.

Public transportation is intended to get the most people from point A to point B as quickly, dignifiably, as possible; not somewhere close to point A and point B.

Many major routes go within a few blocks of your pickup and delivery point. Out of the 13 million handicapped persons identified by other advocacy handicapped and elderly groups as needing transportation, about 2 percent of them can use accessible buses. Dignity and independence are very powerful forces, and with a person with a disability, they are sometimes the most powerful of motivators. But, put them into perspective, every handicapped person, I believe, must decide whether it is important to have symbolic means to get around, or be able to get around. That's where responsibility to ourselves and to each other comes in. That, I might add, is not a very popular statement with several of the other more vocal advocacy handicap groups.

Let's look now at the local options; really look at the local options.

Local option means that the local community determines how best—not if, but how—to serve their people. Congressional Budget Office report speaks of the taxi plan, a combination of many systems using local existing resources. Why invent new buses, not that technology shouldn't continue to improve—for instance the transbus, or as we call it in Omaha, the "Utopian Lemon," to solve a problem which is already being cared for in parts of some areas by paratransit forms. Again, throwing dollars at a problem rather than targeting them to a direct solution is irresponsible, foolish, wasteful, and ineffective.

It is said by some that special services are not equal services. In some cases, that's probably true. But in many, many more parts of the country, it is far, far from the truth as is the case in Omaha.

MOBY, our curb-to-curb service, operates from 5:30 a.m. to 11 p.m., Monday through Friday, and from 8 a.m. to 5:30 on Saturday at a budget of $400,000 last year, and transported 40,000-plus one-way trips.

Sixty to seventy-five of our wheelchair riders are employed now as a direct result of MOBY. MOBY is 2 years old. It's a beginning. It's not perfect. It's not enough to meet our needs, but it beats what we had 2½ years ago which was five vans operated for seniors over 55.

With the enforcement of section 504 of the Rehabilitation Act of 1973, MOBY will be dissolved to $60,000, the 2-percent minimum, even though DOT says, "There's nothing in the regulation that says—," et cetera, et cetera, et cetera. There's nothing at DOT also that says there will be more money to do both. We have a State 7-percent lid, a 2-mil limit in Omaha for transportation, and unhappy taxpayers who are finding by January 1, 1981, line-haul service will be cut back some because of budget constraints. Those are realities and we must all live with them.

I'm asking you to look again at section 16, section 504, and the total issue. Let's address the needs of those people who may need assistance in other ways to become useful, functioning citizens in our society, and have so very, very much to contribute. Let's address those needs of the mentally and developmentally disabled persons who for the most part will not ever be able to utilize public transportation in an accessible bus form. We need an opportunity to be seen as well as heard in the community, and special services, or whatever the local option determines, should be the opening for that to happen. Give the community a chance to develop those existing resources, and do something good and workable. It may take 1 year, or 2 or 3 but the end result will be a far better payoff than the prospects we have now.

Thank you.

Mr. **Howard.** Thank you very much. We certainly appreciate your testimony. I'd like to say that I'm sure that many of the members of the subcommittee will agree that of all of the aspects of surface transportation that we have dealt with over the past several years, including a massive surface transportation act involving I don't know how many different kinds of programs, and Federal-State-local cooperative efforts involving $54 billion, there has not been a problem, to my knowledge, that has caused as much difficulty as the elderly and handicapped issue. We realize the tremendous cost of a program that mandates accessibility in every vehicle. And require a uniform percentage of accessibility—say 50 percent—also posed problems.

I think that the point that you make, to give the community a chance to develop existing resources into something workable, is an excellent idea. Perhaps we're ready for that now. As you know, the first 10 years of the Federal program for the elderly and handicapped were focused on programs where it was left to local option, and although there may have been some good ones, there were many other areas, because there was no mandate, that totally ignored it. A few years ago, we went to a full accessibility requirement, and now we're hearing all around the country how unworkable and expensive it is and how money could be used for the elderly and handicapped in much better ways. Perhaps now they would take a recommendation by the Federal Government for a local option a little more seriously, and really try to do something about it when considering the alternative of total accessibility and the tremendous expense of retrofitting older systems. Although I was one who after 10 years of frustration was very strong on total accessibility requirements, I think perhaps now we'll get the cooperation that we think local officials should have with a local option. So, thank you very much for your testimony, and keep in touch with us whenever you think that we need to know something, because we're not experts in this field; and with all the aspects of transportation we have a responsibility for, we're not thinking every day about this one problem.

Mrs. Neil. I'd like to comment that I know that the committee has probably heard from a number of handicap organizations and groups, and it wasn't until 1974 when I got thrust into the middle of the Mayor's Committee on the Handicapped did I realize that a number of disable individuals didn't have the opportunity that I had, even though I did not have the benefit in the early years of the laws that are so effective now. I think one of the things that I found thought that is that there are an awful lot of resources within the community that have not been developed because the active responsibility was not there by those handicap groups.

One of the other bitter things that I found was one of the—probably the only thing that handicap organizations or groups will agree on is the fact that they disagree. They do not agree in any particular area.

Mr. Howard. I think an awful lot of people feel that all the elderly and all the handicapped are of exactly of one mind on how to solve it, and as you know that's not——

Mrs. Neil. All handicapped people are in wheelchairs with upper extremity mobility, and that's probably as far from the truth—one of the things that I think they're going to have to learn is that it's incumbent upon each one of us to give a little in order to get the best results; and I think in order to open up the resources of the community, the economic spread, the ripples that I talked about is really a very advantageous thing. The Employment Advisory Council which I work with, we have 1,200 employers in the metropolitan area that we keep in touch with. Those employers have been seeking qualified handicapped people under section 503 of the Rehab Act, and are having an awful time getting individuals qualified to be able to get rides, transportation, to go there.

So, I think the transportation in our community as in others has been an essential part of that fulfilling of those requirements. Also, the housing programs and the human service programs under HEW. So, does have some widespread ramifications, and seems like a cause that we all ought to work for as opposed to just individual groups. That's easy to say, but it's hard to do.

Mr. Howard. Thank you very much.

The gentleman from Minnesota?

Mr. Hagedorn. Thank you, Mr. Chairman.

Mrs. Neil, I want to compliment you on just what I think is one of the finest statements I've seen from someone who happens to be handicapped, but is not only concerned about her own personal fortune, but concerned about getting good useful benefit from the American taxpayers' dollar. I don't think there's any question about the willingness of the American people to help those people who are less able to fend for themselves, provide for themselves, and in this instance I know that commitment goes nationwide and has been expressed a number of times by the Congress; but I've for a long time had difficulty in understanding some of those advocacy groups that come before this committee and come and lobby of me in support of Transbus, and say that anything less than Transbus relegates him to second-class citizenship. I certainly don't want that to be the thought, and I wouldn't want that to be interpreted as to my views and feelings in the past, but I've been a long-time advocate of this very type of program. It seems to me that when you think of people in cold climates where we have heavy snowfalls, and the need to get people from the door to wherever they have to be and back again should be of paramount concern, and I would think rather than consider that second-class service, it seems to me that that's comparable to the very best, and that the best in society get, and that is the people that can afford to have a limousine come to their door, personalized service. That I think is what the taxpayers really would like to provide for those people so that they don't have to be out competing with the masses and trying to deal on that type of an environment.

So, I hope that the committee does review this whole thing. I think the local option is an excellent suggestion. We ought to allow those people who are impacted the most, people such as yourself that have influence over the decisions that are made to be heard and be given an opportunity to make the best case for whatever is going to serve you best in that community. So, I want to thank you for your statement. Hopefully we've accomplished your objective during this.

Mr. Howard. Thank you very much.

Mrs. Neil. Thank you.

Mr. Howard. This concludes the hearings on transportation legislation. The Chair would like to announce that the record will remain open for one week for the inclusion of any information that people may wish to send to be made a part of the testimony. The subcommittee stands adjourned.

[Whereupon, at 3 o'clock p.m., the subcommittee adjourned.]

ADDITIONS TO THE RECORD

COMPLETE STATEMENT
OF THE
AMALGAMATED TRANSIT UNION, AFL-CIO
ON
H.R. 6417 AND H.R. 6890
SUBMITTED TO THE SUBCOMMITTEE ON SURFACE TRANSPORTATION
U.S. HOUSE COMMITTEE ON PUBLIC WORKS AND TRANSPORTATION
APRIL, 1980

My name is Walter J. Bierwagen. I am Vice President and General Executive Board Member and Legislative Representative for the Amalgamated Transit Union which has offices at 5151 Wisconsin Avenue, Washington, D.C., 20016. I appear here at the direction of International President Maroney. The Amalgamated Transit Union, by way of identification, is the dominant union in the over-the-road bus, and local transit industries in the United States and Canada. We have over a hundred and fifty-five thousand members, most of whom are employed as bus drivers, maintenance personnel, clerical and administrative employees, and at other jobs in these industries. I have also been authorized by William Lindner, International President of the Transport Workers Union, and Fred Hardin, of the United Transportation Union, to state that the TWU and the UTU are in full support of the statement we are presenting here today.

Our Nation is faced with an energy crisis. Real or contrived, it does exist. Compounding the problem is a future of dwindling domestic oil supplies and an increased dependence on foreign imports for our energy needs. These facts portend disastrous results for industrial capacities, our standard of living, and our very way of life as an independent, free nation, unless steps are taken immediately to alleviate this problem.

Our Nation consumes 18 million barrels of petroleum daily. Of that amount, transportation uses slightly more than half, with the lion's share-80 percent--being consumed by highway vehicles. The private automobile alone accounts for more than 5 million barrels per day--and nearly two million barrels of that total is used for "commuting."

Already the gasoline crunches of the 70's have demonstrated the seriousness of the problem when an energy-dependent country is faced with a shortage or cut-off of such resources. The economic, social, and job needs of our citizens, particularly low and moderate income people, have to be rearranged or left unfulfilled because of a lack of mobility, or because of exorbitant prices to attain mobility. Our urban areas are dying, our unemployment rolls are rising, our air quality is suffocating, and our travel and resort industry is languishing in the throes of energy shortages.

Obviously, immediate, massive conservation of energy resources is necessary in order to achieve a measurable reduction in our oil imports, a reduction of our balance of trade payments, and to quell a principal source of inflation.

If we are to achieve our concomitant goals of providing more jobs, reducing traffic congestion and air pollution, revitalizing our cities and our travel, resort and recreational industries while promoting energy conservation, we must develop a national strategy.

At the heart of such a program must be efforts to improve and expand public transportation and to reduce our almost total dependence on the private automobile as a means of rush-hour travel.

Public transportation is the only means of mobility for millions of Americans, especially the poor and the aged. As the energy crisis worsens, millions more will turn to mass transit. However, in many cities the lack of equipment and facilities has seriously undermined the growth and acceptance of transit systems as a viable alternative to the private automobile. Government funding is not sufficient to permit the large-scale improvements necessary to meet the nation's needs now, or in the future.

Currently, mass transit, either as individual systems or as a national system, does not have clearly stated and measurable goals to be achieved in any specified time and, as a consequence, the ability of the transit industry to contribute effectively and substantially to the achievement of national transportation and energy goals is constrained.

In light of these needs and problems, much more remains to be done.

Congress established a National Transportation Policy Study Commission to examine the needs of mass transit through the year 2000. But that Commission lacked even a single member from the ranks of labor, consumer and environmental groups, so its recently released report lacks the objectivity and balance needed for the purpose of establishing national policy.

Our Nation needs a national transportation policy which will provide that at least 14 percent of the transportation needs of our urban areas will be served by mass transit systems by 1990. Presently, only 4 percent of these needs are so met. In line with that, Federal funding of mass transit must be increased as soon as possible through amendment and extension of the Urban Mass Transportation Act to a minimum of $10 Billion annually. This must include aid to the intercity bus industry and the construction of multi-model terminals authorized and promised in the 1978 Surface Transportation Act.

To insure continuation and expansion of existing programs, the formula grant portion for operating assistance must be revised to assure more equitable distribution of these funds on a per-rider basis, and the total funding available for operating assistance must be increased and extended, thereby assuring the continuation of essential services and the predictability of operating assistance for a five-year period. Congress should further establish an appropriately-financed mass transportation trust fund, or should adopt a system of multi-year appropriations, which would permit compliance with the requirements of the Budget Control Act.

We further urge Congress and the President to retain intact the existing provisions of the Urban Mass Transportation Act which insure that these Federal funds will be spent and used in accordance with national needs, priorities, and objectives. To that end, any Bill adopted by Congress must retain intact the basic requirements of the existing law in regard to financial control, planning and substantive labor protections. In addition, any program of expanded federal aid for mass transit must assure that each level of government shall preserve and promote the collective bargaining process.

Moreover, it is clear, we believe, that the interpretation, administration and application of the labor protection provisions included in the Urban Mass Transportation Act and related programs are, and must remain, the exclusive responsibility of the Department of Labor under the terms and intent of these laws.

Congress should make plain that the obligation to maintain labor standards includes the payment of prevailing wages to all workers engaged in the construction or operation of mass transit facilities in any program involving Federal financial assistance. Such standards should also guarantee to rail and transit workers the first opportunity for employment on any new transportation system which is built with Federal funds. In addition, we believe that the Federal government should share in the costs of providing worker allowances under employee protective arrangements approved by the Secretary of Labor.

Specifically, significant fuel savings can be accomplished through the continuation and expansion of these existing programs coupled with the implementation of an effective and comprehensive national energy policy.

In line with the above we fully support and urge the Urban Mass Transportation Administration to continue with comprehensive, monitored, tests of no-fare transit, such as those conducted recently in Denver, Colorado, Salt Lake City, Utah and Trenton, New Jersey. It has been estimated that over 1 million barrels of oil, or 10 percent of our foreign oil imports, can be saved daily by the adoption and implementation of such a program on a nation-wide basis.

The transit industry must be prepared to respond to the expanded needs of urban travel as the energy crisis builds up. This will require an immediate tripling of our transit vehicle production, and the preparation of personnel to handle the increased ridership.

Even further fuel savings can be accomplished by establishing a program of auto use dis-incentives, and a program of regarding citizens for conserving fuel and for using mass transit.

In line with national transportation and energy policies, the Urban Mass Transportation Administration must take whatever action is necessary for transit vehicle manufacturers to operate at full capacity. This action is necessary in order to have the needed number of vehicles to accomplish these goals, and also to have a ready reserve of transit vehicles in order that the Nation may cope with any contrived or actual energy crisis. The Urban Mass Transportation Administration must assure the manufacturers that every transit vehicle manufactured will be purchased by the Federal Government or by an applicant for funding assistance. As part of the national strategy, it is necessary that the Congress include in any effective and comprehensive national energy policy program provisions setting forth priorities and goals in the development of alternative sources of energy including solar, nuclear and coal by the year 2000.

Thus far in our statement we have expressed our views on current legislative proposals and about the Nation's transportation goals for the foreseeable future. The following comments concern our experiences with present programs, which are presented herewith to the Committee to better assure the Committee of the "good housekeeping" of current programs.

Since enactment of the UMT Act in July, 1964, more than 4,280 capital, operating assistance and demonstration grant applications (Section 3 and 5, totalling over $12.7 billion in Federal expenditures), have been certified. Only five or six projects were not certified by the Secretary of Labor and a smaller number were approved over the objections of either the unions or the employers. Most, if not all of those rejected in the early days have since re-applied and qualified for grants. Almost all of the disqualifications took place in the very early years of the program. Although project applications were often delayed for technical reasons by UMTA and by applicants, the Department of Labor is often blamed for delays. Whatever the cause, it is important to know that the ATU currently discharges its responsibilities required by the law and the directives of the Secretary of Labor, in over 95% of the projects in less than 48 hours. This is mainly due to the development of a "piggy-back" process, which permits the parties to proceed with a new project grant under the terms of a previous grant. Some delays occur when projects differ considerably from earlier approved projects; or when requests are made for different conditions or protections, thus requiring negotiations. New applicants proposing modification of employee protections may also require more time for negotiation.

With the introduction of Operating Assistance through Section 5., the unions most concerned with UMTA, the ATU, the TWU and the UTU, urged the development of a national agreement to expedite Section 5. grants. Such a model agreement was ultimately agreed to and has been mainly responsible for very timely processing of Section 5. grants. If there are lengthy delays in the processing of Section 5. applications, such delays are often the result of the refusal to accept the terms of the model agreement, or by the failure of an applicant to adhere to the terms of the model agreement. Almost all of the Secretary of Labor's requests for comment are responded to within two working days by the ATU.

Section 18., the Small Urban and Rural Program, is a new program. At the urging of the Administration, the unions consented to a warranty arrangement worked out by the Department of Labor, UMTA and other administration personnel. The latest information that we have (January 31, 1980) shows that twenty-five states have entered into these warranty arrangements. These states include: Florida, Georgia, Idaho, Illinois, Indiana, Kentucky, Massachusetts, Maryland, Michigan, Mississippi, Nebraska, North Carolina, North Dakota, Ohio, Pennsylvania, South Carolina, South Dakota, Tennessee, Vermont, Virginia, West Virginia, Wisconsin, New Hampshire, Connecticut and Missouri. It is our understanding that three additional states are immediately pending and they are: Oregon, Alaska and Maine.

As of January 31, 1980, 192 Section 18. projects have been certified. The latest figures available for the amounts obligated are for November 30, 1979. These amounted to $14,475.096.00. This compares with the figures at the end of Fiscal Year 1979, September 30, 1979, of $6,545,984.00 indicating that these figures doubled in amounts effective as of September 30, 1979.

Obviously, the warranty arrangement, when accepted by the appropriate public authority, does provide for rapid distribution of Section 18. funds.

Congress did not intend to achieve broad social benefits through UMTA at the expense of the individual workers, and so expressed its intention in Section 13(c).

Unfortunately, not all has been sweetness and light in the application of Section 13(c). In several instances some properties have deliberately refused to abide by their 13(c) agreements, either initiating litigation or so deliberately flouting arrangements previously agreed to, that the ATU was forced to seek relief in the courts. In the Kansas City case, the Supreme Court refused certiorari,thus sustaining the lower court decision upholding the union. In three of the cases, the enforceability of Section 13(c). has been sustained on appeal. In a similar case, an unfavorable lower court decision is now pending appeal. In several other instances the cases were declared moot after the parties reached agreement on new contract terms.

A growing number of vanpool projects have been certified. In some instances, such as Norfolk and Richmond, the transit system manages a variety of community vanpool projects and provides services to the non-transit operator/owner. Services such as maintenance and vehicle servicing work is done by union transit employees. In others, such as Cleveland, the entire operation is performed by transit employees under union contract.

The ATU has at least two reasons to be interested in the well-being of the transit industry. First, and not necessarily in this order, the industry provides our members with employment and wages. Second, as citizens, transit employees help pay for the transit system.

As an expression of its earnestness in this direction, the ATU has been a leading advocate of reduced fare and ultimately, no-fare transit. We support no-fare even though we know that thousands of transit jobs will be eliminated.

Long ago we recognized the signs of an impending shortage of trained bus drivers and skilled mechanics. As a result, we persuaded the AFL-CIO Appalachian Job Training Center to undertake a transit training project. UMTA awarded a $3½ million - 3-year Grant. The project is universally hailed as a success. Mechanic training modules are now being developed.

We are also participating in the development of the

National Institute of Transit Technology and Innovation. The project, called the Transit Technology and Innovation Project, will be conducted in conjunction with an independent National Institute formed by the Amalgamated Transit Union (ATU), the Transport Workers Union of America (TWUA), and the United Transportation Union (UTU).

A major component of the project will be a national demonstration training program for local union representatives, designed to increase their skills in contract administration and their understanding of major issues--particularly those related to economic and safety problems--facing the transportation industry.

While the training program gets underway, the three unions will establish the National Institute on Transit Technology and Innovation, a not-for-profit organization which will be responsible for the non-training research and demonstration activities of the project.

The overriding goal of the project is to introduce and test new approaches to improving the efficiency and effectiveness of the nation's mass transit systems, primarily bus, rail, and subway.

This goal will be achieved in part through activities--such as the demonstration training program for Local Union Representatives--which will be carried out among union members. Other project activities will be directed toward the creation of a national forum of labor, government, management, and universities for the purpose of working collaboratively to identify and study major problems facing transit systems and to make recommendations for demonstrations projects in which innovative approaches to solution will be tested.

We believe that while much effective work has been done by these groups to overcome problems affecting mass transit, a concerted effort by labor, management, government, and educators could produce better results. The industry and the public, we believe, will benefit from an interdisciplinary approach in which a leading role is played by those who directly operate transit systems for the public.

Thank you, Mr. Chairman, and members of the Subcommittee for listening, and thus permitting the ATU to express its views on these important matters.

Illinois Council C.O.P.H.

May 27, 1980

Honorable Claude Pepper
Member - House Rules Committee
House of Repsentatives
Washington, D. C. 20515

re: Cleveland Amendments to HR 6417

Dear Mr. Pepper:

We invite your attention to our enclosed position on HR 6417, regarding transportation for the handicapped.

In addition, we question how much influence the "handicapped community" referred to in the above bill would be permitted to exercise inasmuch as the voices of such groups as COPH, ACCD, PVA, who have large constitutencies are being ignored on this issue.

We ask that our position be made an official part of the record and that it be considered when this Bill is acted upon.

We are interested in your views so that we may share them with our member organizations.

We appreciate your help in this matter.

Sincerely,
August W. Christmann
August W. Christmann
Executive Director
Illinois Council of COPH

Encl
AWC/rw

"Opportunities, with Dignity"

Illinois Council C.O.P.H.
[illegible]
[illegible]
[illegible] CHICAGO, ILLINOIS [illegible]
[illegible]

May 27, 1980

TO: MEMBERS OF HOUSE RULES COMMITTEE
SUBJECT: Cleveland Amendment to HR 6417

The Illinois Council, Congress of Organizations of the Physically Handicapped (Illinois COPH) is a statewide coalition of some 32 member groups, as well as individual memberships. We are also members of National COPH.

We are shocked by the callous and cavalier manner in which transportation for the handicapped was decided upon in the Subcommittee on Surface Transportation and in the Public Works and Transportation Committee. We particularly question the appropriateness of the rider to HR 6417 - the Cleveland Amendment.

Why was this inappropriate rider rushed through without an opportunity for full-blown hearings? Why was this legislation rushed through before Congress studied the 321 Report it had requested? Why was something so vital to the welfare of the handicapped as transportation heard in a committee that is not sensitive to the needs of the handicapped?

The average life of transit equipment, rail cars, etc., is about 20 years. We are horrified by the idea that we might see hundreds and thousands of new motor coaches and rolling rail equipment that will continue to exclude millions of Americans who need to, and also want to, ride in these vehicles. The cost of maintaining or creating dependency is staggering in both monetary and psychological terms.

Most important, the Energy crisis is closely related to Mass Transit. Access to usable public transportation is essential with soaring gasoline prices. What happens to the disabled who live fairly normal lives and basically rely on an automobile for transportation? They have less ability to participate in car pools, and no options such as walking, riding a bike, buying a Honda. Will the cost of special transportation remain comparable to Mass Transit when gasoline prices continue to mount? A number of knowledgeable handicapped consumer leaders have disagreed with the conclusions of the Congressional Budget Office paper of November, 1979 because the CBO study is misleading in overstating the cost-benefits of dial-a-ride services while underestimating those of DOT regulation measures. The dial-a-ride services actually will cost more per year than the DOT plan would cost in 30 years were the systems to serve anything approximating the number of disabled people who are believed to be in need of accessible transportation.

If this legislation is passed, it will be the beginning of an erosion process for Section 504 of the Rehabilitation Act of 1973, for standing in the background are similar interests waiting to hack-away with their own legislation. If this is permitted to happen the disabled will not only be shoved back into the closet but back into the 18th Century.

We urge that the Cleveland Amendment be deleted from HR 6417 and that this position be made part of the Record and considered when your Committee takes action on this legislation.

"Opportunities, with Dignity"

WHEELS, INC.

Surface Transportation Subcommittee
Public Works and Transportation Committee
U.S. House of Representatives
Room 2165 Rayburn House Office Building
Washington, D.C. 20515

Gentlemen:

Tri-County WHEELS, INC. is a private non-profit agency operating in a three county area surrounding Harrisburg, Pennsylvania. WHEELS provides specialized transportation services to clients of social service agencies with an emphasis in serving the elderly and handicapped.

WHEELS has a two-fold objective in making such transportation services available. One aspect of the WHEELS operation is to coordinate existing transportation services of many different social service agencies operating in the area. Since inception WHEELS has consolidated the transportation resources(vehicles, staff, communications equipment etc.) of ten(10) different agencies and provided service to clients of over thirty(30) different agencies. This consolidation is an obvious effort to utilize available public funds most efficiently and effectively.

The other phase of the WHEELS operation is to provide interim accessible transportation services to the elderly and handicapped of the Harrisburg Urbanized Area. It is understood that the existing laws relative to accessible mass transportation are under review. Current regulations raise serious concerns among local decision makers, transit providers and service consumers of the Harrisburg Urbanized Area. It is the position of the Tri-County WHEELS, Board of Directors to encourage any changes in the regulations which would support providing accessible transportation services through integrated para-transit systems. WHEELS strongly believes that such a service is advantageous because: 1) It will lessen the financial burden on local municipalities and federal government as well and 2) provide a more practical form of transportation for handicapped citizens in the area. This type of para-transit service has been requested by the handicapped advisory committee involved in the preparation of transit plans for future years.

It is imperative that the federal government be cognizant of the great potential for accessible service to be provided through coordination of existing transportation resources already in most urbanized areas throughout the nation. In these times of fiscal austerity such an emphasis for service would provide the method for limiting the huge expenses in establishing an accessible mass transit system. For operations such as WHEELS to continue a complete commitment and the full support of the federal government is vital.

WHEELS appreciates this opportunity to comment on accessible transportation services. We will be pleased to provide further input in whatever forum which is deemed appropriate.

Sincerely,

John J. Detman

John J. Detman
Executive Director

P.O. BOX 5116/HARRISBURG, PA. 17110
TELEPHONE (717) 238-2321

RICHMOND AREA METROPOLITAN TRANSPORTATION PLANNING ORGANIZATION
Anthony P. Mehfoud, Chairman
c/o RICHMOND REGIONAL PLANNING DISTRICT COMMISSION
6 NORTH 6TH STREET
RICHMOND, VIRGINIA 23219
(804) 644-8586

May 15, 1980

Mr. Joe Italiano
House Public Works and
Transportation Committee
2165 Rayburn Building
Washington, D. C. 20515

RE: Federal Ridesharing Program

Dear Mr. Italiano:

The Richmond Metropolitan Transportation Planning Organization (MPO), Richmond, Virginia is actively pursuing a regional Ridesharing Program. This program was developed through a cooperative effort on the part of the City of Richmond, the grant applicant; the Virginia Department of Highways and Transportation, the grantor; the Richmond Regional Planning District Commission staff and a consultant to perform the Ridesharing Brokerage management and operations functions.

In addition to the Commonwealth's financial assistance, the MPO is seeking funding from the Federal government and the business community to support this effort. The major problem at the present time is program continuity after the start-up phases. Given the level of interest in the Richmond area, the Richmond MPO submits the attached information which addresses six (6) ridesharing related questions.

Sincerely,

Harry E. Gregori, Jr.

Harry E. Gregori, Jr.
MPO Secretary

HEGjr/sw

Attachment

Voting Members:

Chesterfield County
Goochland County
Hanover County
Henrico County
City of Richmond

Capital Region Airport Commission
Greater Richmond Transit Company
Richmond Metropolitan Authority
Richmond Regional Planning District Commission
Virginia Department of Highways & Transportation

1. What is the appropriate federal role in providing financial and other assistance for ridesharing activities?

   The Federal government should encourage its agencies to:

   (a) provide continuity for programs developed,

   (b) provide flexible funding to accomodate innovative opportunities.

   (c) minimize contract requirements and agreements to simplify the process.

2. What federal policies are there now which inhibit ridesharing, and how can these policies be modified to minimize undesirable impacts on other transportation modes?

   FHWA and UMTA lack exclusive funding programs for TSM activities such as transportation brokerage.

   The Federal government should encourage the formation of Brokerage Agencies and determine appropriate responsibility in the government structure: Federal, State, regional, and local.

3. Are the various federal programs to encourage ridesharing, in DOT, DOE, and other agencies, being administered effectively? Would consolidating all federal ridesharing programs in a single office result in efficiency and cost-effectiveness, or would it stifle innovation and inter-agency competition? If a single National Ridesharing Office is desirable, in which agency or department should the office be located?

   No, the programs are not being administered effectively. There should be one office to consolidate Ridesharing: Associate Administrator in FHWA, Administer TSM and Ridesharing activities.

4. How can federal tax policy be made more sensitive to encourage ridesharing?

   Tax incentives should be made available to those participating in a Ridesharing Program: income tax deductions for both users and providers. This incentive could be coordinated with transit users.

5. What progress has been made in removing legal and regulatory barriers to ridesharing, and what further progress needs to be made?

   Little progress has been made to facilitate the establishment of the functions necessary to operate ridesharing.

   There is no legal framework available for assistance to toll authorities to participate. Federal technical assistance and economic incentives are necessary to encourage participation. In order for ridesharing to work, the cooperation of employers and regulated businesses is required.

6. Has the insurance issue been resolved satisfactorily?

   Information about various ridesharing insurance options are not currently available. Information on the costs of insurance coverage associated with various alternatives is important. The appropriate level of government is the State for dealing with this issue.

April 21, 1980

House Public Works &
Transportation Com'ty
2165 Rayburn Bldg.
Washington, D.C. 20515

The following information has been developed from nine year's experience by the LMSC Transportation organization and two years of effort by the Santa Clara Valley Manufacturing Group's Transportation Committee. The following is a testimony on the six questions appearing in Congressman Edger's letter dated April 11, 1980

1. What is the appropriate federal role in providing financial and other assistance for ridesharing activities?

We think that the appropriate federal role is:

a. Continue to support non-profit federal, state and local financed non-profit vanpool companies such as Rides for Bay Area Commuters (RIDES) in Northern California.

b. Underwrite or legally limit the liability of lessors and driver-owners of vanpools. The present insurance requirements preclude the ordinary good driver as acceptable for vanpools.

c. In case of gasoline rationing or allocation, provide or require State authorities to provide adequate gasoline for authorized pools. Eligibility for fuel should legally be authorized by a RIDES type company, State transportation agencies and corporations with established employee transportation programs.

d. Beef-up or institute commute services on already established rail lines such as the Southern Pacific between San Francisco and San Jose. Provide financial assistance to local transit authorities to extend the commute from railway stations to the work place.

2. What Federal policies are there now which inhibit ridesharing, and how can these policies be modified to minimize undesirable impacts on other transportation modes?

a. Federal policy on Federal statutes which determine liability for company-sponsored or financed vanpools is now very unclear.

b. Federal regulations do not presently cover union driver status in company-sponsored or financed carpools. Appropriate changes should be made to allow drivers of convenience without requiring union status.

c. Encourage county and/or State transit companies to work with rides type non-profit vanpooling companies, industry and public facilities, particularly during commute hours.

d. Sponsor and/or assist manufacturing zone type of computer matching of rides to riders. This can be done by Rides, a transit company, or by a major corporation such as LMSC who has an established computer based ride sharing program.

3. Are the various Federal programs to encourage ridesharing, in DOT, DOE, and other agencies being administered effectively? Would consolidating all Federal ridesharing programs in a single office result in efficiency and cost-effectiveness, or would it stifle innovation and inter-agency competition? If a single National Ridesharing Office is desirable, in which agency or department should the office be located?

Although the Rides program in the San Francisco Bay Area is being administered at the detail level with effectiveness, there are broad policy problems which are not being addressed. These problems give evidence of lack of coordination and strength at the policy level which might be corrected if all federal ride sharing programs were consolidated into a single, powerful organization, capable of establishing a policy of partnership between local programs and interfacing agencies, including local industry. The primary problems at present are: (1) difficulty in obtaining insurance for normal, adequate van drivers; (2) policies which give rise to undesirable competition between rides-type programs and other ride sharing plans; (3) inflexibility in the federal programs which does not allow grants to effective local organizations; for instance, from industry and in particular, the Manufacturing Group in Santa Clara County.

. How can federal tax policy be made more sensitive to encourage ride haring?

Federal tax policy could become a very powerful incentive if income tax write-offs were allowed for individuals who participate in approved ride sharing programs. This would be particularly powerful in the case of drivers. Incentives should be provided also for companies with legitimate ride sharing programs with graded write-offs, depending upon the degree to which companies take responsibility. Some attention should be given to gasoline tax relief for car pool or van pool operators on the basis of some sort of validated usage, certified by either public or company agencies.

5. What progress has been made in removing legal and regulatory barriers to ride sharing, and what further progress needs to be made:

Little or no progress in removing regulatory barriers has been made. Positive steps should be taken to provide a comprehensive policy and regulatory framework covering the liability and other questions mentioned above.

6. Has the insurance issue been resolved satisfactorily?

No, neither by the government or insurance companies.

We are enclosing recommendations for developing alternate transportation programs, as established by the Santa Clara Manufacturing Groups, and being effectively used at Lockheed Missiles & Space Company, Inc.

Arthur L. Hubbard
Vice President - Operations
Lockheed Missiles & Space Company, Inc.
Sunnyvale, CA

ALH:dd

Lockheed
MISSILES
& SPACE
COMPANY,
INC.

March 5, 1980

Subject: RECOMMENDATIONS FOR DEVELOPING ALTERNATE TRANSPORTATION PROGRAM

PHASE I

1. Obtain top management commitment to alternate transportation in all forms.
2. Designate major level responsibility for alternate transportation.
3. Appoint an Employee Transportation Coordinator.

PHASE II

1. Work with County Transit and RIDES (a non-profit government financed corporation) to influence employees to use these already established modes of transportation.
2. Recommend public transportation as the best form of alternate transportation because it permits random arrivals and departures to accommodate multi work shifts.
3. Use the company organ and bulletin boards as a means of advertising County Transit and RIDES, using advertising materials supplied by these two agencies.
4. Establish favorable spots to distribute schedules, Transit maps, and to sell commute tickets.
5. Provide the Transit Company with data on work shifts, mass relocation of employees, and, most importantly, the bedroom areas of all employees. This data can be obtained from personnel records or as a residue from the RIDES data base established via a survey

RIDES has an excellent program and is the next best system to County Transit for alternate transportation; excellent prices on leasing of vans, the best insurance available, careful selection of drivers, and a data base that can be identified to a manufacturing complex.

PHASE III

1. Obtain information on employees' desire for alternate transportation in all forms.
    a. Utilize employee Change of Status to personnel/payroll records or RIDES survey form to obtain bedroom area information.

b. Area information is best obtained in small bedroom grid areas identified to building locations and work shifts.

2. A major and well planned propaganda effort must be mounted with top management approval.

PHASE IV

1. Promote the development of car pools, employee owned van pools, motor home pools, and from far distant points, large bus pools.

2. The Transportation Coordinator remains the key to disseminating information on all types of RIDE pools, utilizing data obtained either from a survey or personnel files.

PHASE V

1. Consider the use of company owned shuttle buses or private shuttle service authorized by PUC to extend commutes from train stations or remote bus stops. These shuttle buses can be used to transport personnel and things during the off commute hours. The private shuttle could be used by several participating companies.

2. There are several private enterprises such as existing limousine services to airports ready and willing to start the aforementioned shuttle service. This readiness derives from a new airport van shuttle service offered by Airport Connections, Inc., which is obtaining PUC rights to add additional pickup points for airport commuters. Lockheed is offering free parking at the main Lockheed/Transit bus stop with a non stop express service to the airports. This bus stop will offer telephones and toilets.

Attached is a list of incentives to promote alternate transportation. This list details everything from preferred parking to subsidization on tickets, gasoline, tires, etc. Also attached is a copy of an extraction from the February 7, 1980 Federal Register entitled "STAND BY FEDERAL EMERGENCY ENERGY CONSERVATION PLAN". The plan mandates that work commuter travel be reduced when an energy emergency is established by the President based on a short fall of petroleum products amounting to something between 8 and 20%.

C. J. Pennington, Manager
Traffic and Transportation

CJP:dy

CITY OF DALLAS

May 1, 1980

Joe Italiano
House Public Works & Transportation Committee
2165 Rayburn Building
Washington, D.C. 20515

Dear Mr. Italiano:

In response to Robert W. Edgar's request for testimony for the April 21 rideshare hearing by the House Surface Transportation Subcommittee, here are written comments from the City of Dallas.

The City of Dallas piloted the Computerized Commuter Information System (CIS) for the Department of Transportation in 1974. Based on our experiences facilitating a federally funded successful rideshare program for the Dallas area for more than six years, it is felt that federal financial assistance for ridesharing activities is a beneficial and appropriate role of the federal government.

The City of Dallas believes that all federal programs to encourage ridesharing should be consolidated into a national ridesharing office in the Department of Transportation in order to increase the efficiency and cost-effectiveness of these programs.

The City of Dallas believes that federal tax policy should encourage the procurement of vans for vanpooling programs administered by employers and third-party organizations.

The City of Dallas believes that any legal or regulatory barriers, to ridesharing, especially those surrounding insurance, financing, and labor-management relations, should be removed in a most expeditious manner.

Respectfully submitted,

RWKelly

R. W. Kelly, Director
Office of Transportation Programs

ds

FILE: V.C.1

OFFICE OF TRANSPORTATION PROGRAMS CITY HALL DALLAS, TEXAS 75201 TELEPHONE 214/670-[illegible] marc

mid-america regional council / 20 west ninth, suite 200 / kansas city, missouri 64105 / 816 474-4240

April 25, 1980

The Honorable Robert W. Edgar
Member of Congress
House Public Works and Transportation Committee
2165 Rayburn Building
Washington, D.C. 20515

Attention: Mr. Joe Italiano

Re: Testimony on Ridesharing
Hearing of April 21, 1980

Dear Congressman Edgar:

Thank you for the opportunity to comment on the proposed federal policies on ridesharing. The Mid-America Regional Council (MARC), the council of governments and metropolitan planning organization for the eight-county Kansas City metropolitan area, has been involved in ridesharing for several years. We hope the following comments, based upon our experience, will be of benefit to Congress' establishment of ridesharing as a national transportation priority with the role of local governments and regional councils in implementing ridesharing activities clearly identified.

Currently, two percent of the total trips made on a daily basis in the Kansas City metropolitan area are made on transit. This represents four percent of the work trips -- those most vital to sustaining the economy. The transit system (all bus) is now at capacity. Recent projections demonstrate that a doubling of the bus fleet or a 45-mile surface rail system with feeder buses could only accommodate twelve percent of work trips, leaving almost a million work trips with complete reliance on the automobile, as motor fuel prices climb and supply remains a question.

In a low-density area like Kansas City, transit must be augmented with ridesharing. Transit lines are not feasible in many suburban areas; many trip destinations and purposes do not fit transit; and there are over 200,000 rural residents of the Kansas City area who have no access to transit.

Ridesharing provides a low-cost alternative for commuters who have no option but to use the automobile.

Ridesharing is an outgrowth of many of the transportation planning functions of the metropolitan planning organization (MPO). It is a strategy which has been studied and recommended by the energy, air quality, and transportation systems management (TSM) planning processes. Ridesharing is an important means of reducing our energy consumption for the work trip. In a transportation fuel crisis, it is an energy-efficient alternative for getting people to work. Ridesharing, by reducing the number of motor vehicles in operation, can contribute to air quality through reducing hydrocarbon and carbon monoxide emissions. As

Chairman
DALE BAUMGARDNER
County Executive
Jackson County, Mo.

First Vice Chairman
TOM REHORN
State Senator
Kansas City, Ks.

Second Vice Chairwoman
BARBARA POTTS
Councilwoman
Independence, Mo.

Secretary
HENRY POTH
County Commissioner
Leavenworth County, Ks.

Treasurer
J. HAROLD HAMIL
Councilman
Kansas City, Mo.

Executive Director
PETER J. LEVI

a TSM strategy, ridesharing is a non-capital intensive solution with a short-term implementation time for increasing the capacity of the street and highway system.

There are several reasons why the MPO should be involved in operating ridesharing programs. First, commuting patterns are not co-terminous with a city's boundaries. Work trips cross city boundaries and, in the case of interstate metropolitan areas, commuters travel across state lines. Secondly, the costs associated with operating ridesharing programs are about the same for a major city as they are for a multi-jurisdictional area. Therefore, the MPO can serve a greater population and geographical area as efficiently and effectively at no additional cost. Third, in a bi-state or inter-state metropolitan area, the MPO has both the organizational capacity and the legal capability to coordinate ridesharing activities affecting two or more states.

The Mid-America Regional Council is currently operating an area-wide carpool program in cooperation with the City of Kansas City, Missouri. MARC became involved in ridesharing as a result of the 1979 transportation fuel crisis. During the crisis, the MARC Board of Directors requested that actions or strategies be developed which would insure travel to work by residents of the eight-county, bi-state metropolitan area. The area-wide carpool program was one of the strategies selected for implementation. The carpool program is an extension of the City of Kansas City, Missouri's ridesharing efforts. As early as 1974, the City was using a computer-matching program to help city, county, state and federal employees in the downtown area form carpools. Drawing on the City's staff expertise and computer facilities, MARC agreed to fund the program so that it could be extended to a bi-state, eight-county area. MARC is largely responsible for planning and marketing of the regional carpool program. The City of Kansas City, Missouri operates the commuter matching activities. In addition, MARC would like to expand regional ridesharing activities within the next year to include employer-based carpooling and vanpooling and third-party vanpooling as a part of its transportation energy contingency planning activities.

The following are specific comments on the six questions raised in your announcement of the April 11, 1980 Hearing:

1. What is the appropriate federal role in providing financial or other assistance for ridesharing activities? Specific federal aid should be provided to urbanized areas, preferably through the metropolitan planning organizations, for operational and promotional activities for carpooling and vanpooling. Assistance might be in a form similar to the UMTA Section 5 or FHWA Section 18 programs.

2. What federal policies are there now which inhibit ridesharing, and how can these policies be modified to minimize undesirable impacts on other transportation modes? We know of no federal policies which inhibit ridesharing. Ridesharing is complimentary and not competitive with fixed-route transit.

3. Are the various federal programs to encourage ridesharing, in DOT, DOE and other agencies, being administered effectively? Ridesharing programs could be improved by greater coordination among federal agencies.

   Would consolidating all federal ridesharing programs in a single office result in efficiency and cost effectiveness or would it stifle innovation and inner-agency competition? A single office would result in efficiency and cost effectiveness. Innovation should come from the local implementers of ridesharing. It is not necessary to rely on the federal inner-agency competition for more innovation.

   If a single national ridesharing office is desirable, in which agency or department should the office be located? The Department of Transportation has had the most experience in this area and benefits could also be achieved by coordination with other DOT transportation programs.

4. How can federal tax policy be made more sensitive to encourage ridesharing? Employers should be given tax incentives to form employer-based vanpools. Consumers should be given tax credits for participating in carpooling and third-party vanpooling.

5. What progress has been made in removing legal and regulatory barriers to ridesharing and what further progress needs to be made? Barriers have mainly been at the state level and they have been resolved in Kansas and Missouri.

6. Has the insurance issue been resolved satisfactorily? It has in Missouri and Kansas.

Thank you again for the opportunity to give comments on ridesharing. As explained above, ridesharing must become an important component of providing more efficiency in our transportation system.

Sincerely,

Peter S. Levi
Executive Director

PSL/JHM/mts
cc: Honorable Nancy L. Kassebaum, U.S. Senator-Kansas
    Honorable Bob Dole, U.S. Senator - Kansas
    Honorable James Jeffries, U.S. Representative - Kansas
    Honorable Larry Winn, Jr., U.S. Representative - Kansas
    Honorable John C. Danforth, U.S. Senator - Missouri
    Honorable Thomas F. Eagleton, U.S. Senator - Missouri
    Honorable Richard Bolling, U.S. Representative - Missouri
    Honorable E. Thomas Coleman, U.S. Representative - Missouri
    Honorable Ike Skelton, U.S. Representative - Missouri
    Honorable Victor F. Swyden, Councilman, Kansas City, Missouri
    Ms. Christine Steinman, National Association of Regional Councils
    Mr. Calvin Berge, Federal Highway Administration
    Mr. Lee Waddleton, Urban Mass Transportation Administration

STATEMENT OF ARTHUR D. LEWIS, PRESIDENT, AMERICAN BUS ASSOCIATION, ON SURFACE TRANSPORTATION ACT OF 1980 THE SURFACE TRANSPORTATION SUBCOMMITTEE OF THE HOUSE PUBLIC WORKS COMMITTEE

May 2, 1980

Mr. Chairman and Members of the Subcommittee:

My name is Arthur D. Lewis. I am President of the American Bus Association, the trade association of the intercity bus industry. In 1979, approximately 1,100 certificated intercity companies carried 350 million passengers, more than any other form of public transportation and, indeed, more than both the airlines and Amtrak combined! Our membership also includes over 800 travel industry members composed of hotel/motel chains and properties, food service organizations, attractions and theme parks, and local, state, regional and federal promotion organizations interested in working with bus companies to expand travel and tour business in North America -- an objective which takes on added significance in times of energy shortage and high fuel costs.

We appreciate this opportunity to express our views on HR 6417, the Surface Transportation Act of 1980. We have consistently advocated adequate funding for surface public transportation programs and that has become even more important in the light of our nation's energy problem. Americans must have a transportation system which maintains the mobility which is so characteristic of American society. As an aspect of this, we believe the nation's transportation and energy policy should tap the virtually unlimited potential to meet, in the years ahead, this nation's needs for an economic, effective and fuel efficient network of scheduled intercity bus transportation as well as to offer a capability to meet growing demand for charters, tours and local transit operations, thereby providing a viable, fuel saving alternative to the use of the automobile.

We ask that the Subcommittee take the following actions when you issue a final bill:

1. Extend authorization of the earmarked program for bus terminal development which was included as Section 21 of the Surface Transportation Act of 1978.

2. Extend authorization of Section 22 of the 1978 Act, which provides a subsidy mechanism for continuation and improvement of intercity bus service to rural communities.

3. Reiterate the concern of the Subcommittee that, in terms of the programs under HR 6417, private operators are not only to be given the opportunity to participate, but that programs under public auspices shall not infringe upon, diminish, or supplant private bus operations. This statement of intent would be beneficial.

The nation has clearly reached the point where public policy must focus on promotion of the full use and development of bus transportation, and we believe the programs introduced in Sections 21 and 22 will further this objective. In today's world environment, with the nation confronted by the reality of an energy-scarce and energy-expensive future, there is a greater need than ever before to encourage more efficient use of petroleum resources. Immediate and long-range savings must be made in transportation where the private automobile consumes such a great amount of fuel. Bus service provides the most flexible and strategic alternative to private automobile use. The bus system is not confined to a track or an airport and thus can be easily adapted to changing population and travel patterns. The nation's extensive highway system is already in place, and a bus can, of course, operate on our cities' streets.

National transportation and energy policies should maximize the inherent advantages of the bus. The following facts about the industry highlight the wisdom of such a course of action:

- The industry has a pervasive network of service to 15,000 communities, 14,000 of which have no other form of public-intercity transportation. It also provides a vitally essential daily express and freight service to these communities.
- The intercity bus industry is the most fuel efficient of all forms of public intercity transportation. In regular scheduled service in 1979, the industry achieved 139 passenger miles per gallon, and a fully loaded bus will operate at nearly 300 passenger miles per gallon. The industry used only about 190 million gallons of diesel fuel in 1979 in carrying 350 million passengers. These statistics indicate that a great deal can be done in the movement of people by bus with a very small amount of fuel. Substantial savings can be made through use of bus transportation. In fact, it has been pointed out that for every one percent of people who use buses rather than cars for intercity travel, about 179 million gallons of fuel would be saved.
- The intercity bus industry provides a lifeline to rural America, which would be severely impacted by a fuel shortage. The intercity bus is the predominant form of public transportation in rural areas, serving 96% of the communities with 2,500 to 5,000 in population, and virtually all larger communities. The bus provides critical package express and freight service to rural areas, including replacement parts for agricultural machinery and farm operations.
- Intercity bus service can help mitigate the adverse effect of shortages or sharply higher gasoline prices on the travel and tour industry. The intercity bus is an integral part of that function, and has already achieved a primary interface with the travel and tour industry through a national marketplace held in both 1979 and 1980. We are now expanding on that contact with mutual planning for practical measures which can help continue the mobility for the public to reach travel/tour destinations through regularly scheduled services, as well as by means of charters.

This Subcommittee has long recognized the many advantages of intercity bus service particularly with respect to rural communities. Intercity bus service has declined significantly during the last ten years. Service has been eliminated at nearly 2,000 locations and the frequency of service has been reduced at many others. In part because of highly subsidized competition from Amtrak which stimulated the development of intercity rail service at rates far below operating costs and sharply rising costs due to inflation, the industry may be forced to eliminate or further reduce service to many small communities and rural areas. This is particularly distressing in light of the fact that great numbers of residents of rural areas are dependent on intercity bus transportation to meet their needs whether for personal, business or family travel.

This Subcommittee in 1978 authorized two landmark programs. Both programs are contained in the Surface Transportation Act of 1978. The first entitled the Terminal Development Program (Section 21) authorized $40 million for each fiscal year from FY1979-FY1982. These funds were to be utilized for the construction of bus terminals or bus portions of intermodal terminals. The second program entitled the Intercity Bus Service Program (Section 22) authorized $30 million annually through FY1982 in operating assistance to preserve or enhance intercity bus service in non-urbanized areas. Under this program, Federal grants could be used to offset up to 50 percent of the loans incurred in operating intercity bus service in rural and small urban communities. The remaining 50 percent would be offset by matching state and local grants.

Unfortunately, the Department of Transportation has not requested funds for these programs, contending that the objectives of the Section 21 and 22 programs could be satisfied by the Section 18 program or through Section 3 - Urban Initiatives. The Appropriations Committee emphasized this point when, during the course of the floor debate of the DOT FY1980 appropriations bill, Congressman Duncan stated that an additional $5 million would be added to the Section 18 program specifically for intercity bus operations and that intercity bus capital construction would be eligible for funding under Section 3 - Discretionary Grant Program. Chairman Duncan also stated that if these funds were not utilized properly, his Committee would examine the possible funding of the Section 21 and 22 programs. A similar statement of concern and intent was made by the Senate Appropriations Committee.

Secretary Neil Goldschmidt, in recent testimony, indicated that the Department of Transportation has experienced numerous start-up problems with the Section 18 program. The Department's February status report on the Section 18 program states that is has emphasized intercity bus eligibility to the states. However, an industry-wide poll which was recently conducted by the American Bus Association on intercity bus participation in the Section 18 program revealed that not one respondent had yet received Section 18 funds. We understand that some funds that have already been approved have been held up due to problems with Sections 13(c) and 504. Most respondents reported a complete lack of receptivity among state, county and local transportation authorities. One state, South Carolina, has declared, through its Attorney General, that the disbursement of Section 18 funds to intercity bus operators is contrary to their state constitution. The American Bus Association believes that the track record of the Section 18 program thus far indicates that this program does not have much promise for enhancing and improving intercity bus service to rural areas. We, therefore, support Section 210 of HR 6417 which extends the authorization of the Section 22 program through 1985.

The record of the Section 3 - Discretionary Grant Program appears to be somewhat better, at least in larger communities. The DOT reports that applications for several intermodal projects amounting to $15.6 million have been approved and will be funded out of a FY1980 appropriation of $80 million. While this is noteworthy, we are dubious as to the adequacy of Section 3 to address the full range of bus terminal needs, particularly in smaller communities.

Certainly, to the extent practicable, the industry wants to be involved in intermodal facilities which contribute to economic revitalization of our nation's cities. However, there are many places where upgraded bus terminals may be needed, but not necessarily as part of a large urban renewal plan. In such a situation, it would be better to rely on funds from Section 22, as originally conceived by this subcommittee, specifically for a bus terminal alone. There are a lot of smaller communities where new terminals could be built, and at a very modest cost, in relation to total outlays for all transportation programs. It does appear that the Section 3 - Urban Initiatives program will involve intercity bus operators in some intermodal terminals such as the contemplated Boston South Station. Nonetheless, the record thus far indicates that this kind of involvement is not sufficiently widespread, and we have found that there is no assurance that private intercity bus operations will be fully accommodated. Even where there are some terminal projects which certain cities and private intercity bus operators want, they appear to be having some difficulty in getting adequate consideration from UMTA. One example is Rochester, Minnesota, where the city and a private bus operator are pursuing plans to convert an existing bus depot into a high quality retail, restaurant, and entertainment complex in order to revitalize the area. The first floor of this complex would accommodate a renovated bus terminal. The positive impact of this approximately $2 million investment would be substantial to the economy and quality of life in downtown Rochester. Unfortunately, the first phase of this plan has been stalled since its conception in 1976, primarily due to bureaucratic delays and UMTA has, to this point, not made the kind of commitment that is needed.

We will continue to look at the progress of these kinds of projects which qualify for the urban initiatives program, but we presently see no reason to change our views as to the need for funding the Section 21 program.

Finally, the American Bus Association is concerned, as is this Subcommittee, that private operators are given the opportunity to participate in the various programs authorized under this bill. The American Bus Association also believes that the intent of these programs is not to infringe upon, diminish or supplant private bus operations. The American Bus Association believes that a statement of intent encompassing this concept would be beneficial.

In conclusion, the American Bus Association is supportive of HR 6417 and believes that the Subcommittee should extend the authorization for the Section 21 and Section 22 programs. We also believe that the Subcommittee should clarify its intent that programs authorized under this bill shall not infringe upon, diminish or supplant private bus operations.

HUGHES TOOL COMPANY
5425 POLK AVENUE, HOUSTON, TEXAS

PLEASE REPLY P. O. BOX 2539
HOUSTON, TEXAS 77001
TEL. A/C 713 924-2222

April 17, 1980

Mr. Joe Italiano
House Public Works and Transportation Com'ty
2165 Rayburn Building
Washington, D. C. 20515

RE: The House Surface Transportation Subcommittee
Hearing April 21, 1980

Dear Mr. Italiano:

Our company has actively supported car pooling and van pooling. We now operate 25 vans in Houston, Texas providing transportation for over 200 employees taking at least 175 cars off the freeway.

One of the problems of van-pooling is the capital investment necessary by a corporation. It is true that corporations are now entitled to the 10% Capital Investment Tax Incentive. However van-pools do not increase production or production efficiency and therefore do not provide a return on investment as other capital investments.

Therefore it seems that the government should allow a 20% Capital Investment Tax Incentives for corporations providing van-pooling. Perhaps if the committee does not think Capital Investment Tax Credit is the way to go, they could create a 10% of Cost Energy Conservation Tax Credit for corporate van pools. This would encourage corporations to invest capital in vans since it would provide a normal return on investment as do regular capital investments.

April 17, 1980
Mr. Joe Italiano
Page - 2 -

I believe otherwise the federal government has done the things necessary to encourage van pooling.

Thank you.

Yours very truly,

Paul H. Meeting

Paul H. Meeting
Administrator -
Van Pool Program

PHM:le

cc: Mr. M. Q. Manley
Mr. B. J. Whitworth
Mr. C. D. Sholtess

CITY OF SPOKANE, WASHINGTON

OFFICE OF THE CITY MANAGER
Room 802 City Hall
TERRY L. NOVAK
City Manager

FYI

May 22, 1980

The Honorable Bob Edgar
House Office Building
Washington, D.C. 20515

Dear Mr. Edgar:

As you know, Spokane is actively pursuing a policy of energy conservation and air quality improvement. As a part of that effort, we want to encourage any steps that are being made on the national level that will assist local governments in attaining these goals.

It has come to our attention that legislation has been recently introduced which could benefit Spokane in the area of energy conservation and air quality improvement.

We have been informed that you have prepared a ride sharing bill that would authorize a separate discretionary grant program within the Federal Aid Highway Program. The Secretary of Transportation, as we understand it, would make loans and grants directly to local governments for establishing local carpool and vanpool projects and market ride sharing services. We understand that funds would be available, as well, for survey analysis, planning and program coordination with local governments and private organizations.

Please let this letter serve as an indication of our sincere effort in supporting your work to get this bill passed. Any assistance that we can give in this matter we would be more than willing to extend it.

Sincerely,

Terry L. Novak
City Manager

Ron Bair
Mayor

RICHARD L. OTTINGER
24th District, New York

COMMITTEES
INTERSTATE AND FOREIGN
COMMERCE
SCIENCE AND TECHNOLOGY

Congress of the United States
House of Representatives
Washington, D.C. 20515

REPLY, IF ANY TO:
☐ [illegible]
Washington, D.C. [illegible]
[illegible]
☐ 10 Fiske Place
Mount Vernon, New York [illegible]
[illegible]
☐ 77 Quaker Ridge Road
New Rochelle, New York [illegible]
[illegible]

April 30, 1980

Honorable James J. Howard
Chairman
Subcommittee on Surface Transportation
Committee on Public Works and Transportation
2165 Rayburn HOB

Dear Jim:

Enclosed is my statement on proposed revisions to the Urban Mass Transportation Act. I would appreciate it if you include my remarks in the recent hearing record on the various urban mass transportation proposals.

I look forward to working with you in the future on improving our nation's transit facilities and hope you will feel free to call on me if there is anything I can do to assist in this regard.

Again, my thanks for allowing me the opportunity to submit some comments for the record.

Sincerely,

Dick

Richard L. Ottinger
Member of Congress

RLO:mko

Enclosure

THIS STATIONERY PRINTED ON PAPER MADE WITH RECYCLED FIBERS

STATEMENT OF THE HONORABLE RICHARD L. OTTINGER

Subcommittee on Surface Transportation
Committee on Public Works and Transportation

April 30, 1980

I am pleased to have this opportunity to submit a statement to the Surface Transportation Subcommittee of the House Committee on Public Works and Transportation on proposed revisions to the Urban Mass Transportation Act. As one who is deeply involved in alleviating our nation's energy crisis and as a Representative of Westchester County, New York, which is served by the Metropolitan Transportation Authority (MTA), the largest public transit system in the country, I am very concerned about the future of our nation's public transportation policy.

During the 1970s, for the first time in decades, we have witnessed an increase in transit ridership. In fact, ridership has increased annually since 1972 and in 1979, the increase was at an annual rate of 7%. The American Public Transit Association (APTA) reports that more than 500 million new transit trips were taken in 1979 alone and in January and February of 1980, 90 million more trips were taken than in the same months during the previous year.

At the same time that more Americans are turning to public transportation, the costs of providing that service have dramatically increased. Skyrocketing rates of inflation, especially in the areas of energy, goods, services, and labor, have taken their toll on the transit industry. The Metropolitan Transit Authority, which serves the New York City metropolitan area, recently reported an overall transit and railroad operating deficit topping $1.75 billion.

Currently, only 18% of transit operating costs are borne by the federal government. Eighty-two percent of operating costs for mass transit nationwide are shared by local and state governments and transit riders. The non-federal share of the cost is skyrocketing and, as a result, is causing unbearable financial strain on local and state budgets as well as on the pocketbooks of the American consumer. If public transportation systems are to maintain and expand service, then the federal government's share of providing such a service must be increased. A significant investment by the federal government in our nation's transit systems means jobs, increased mobility for all Americans, improved quality of the environment, a healthier economy, and energy conservation. Also, sufficient funds for maintenance of equipment, shops and regularly scheduled rehabilitation is essential to protect the government's investment in capital equipment and to maintain adequate standards of safety and service.

With regard to the various proposals which are before this Subcommittee, I would like to address two issues. Specifically, I have several comments on the Section 5 formula grant assistance and Section 3 discretionary capital assistance programs.

There are gross inequities in the way the Section 5 formula currently distributes operating assistance funds. For example, the MTA, which carries 35% of all transit riders in the nation and collects 40% of the national fare box intake, receives only 12% of federal operating assistance. It is my understanding that the 33 cities in the nation with populations in excess of 750,000 receive only 75% of the Section 5 operating assistance funds while they carry over 85% of the nation's transit riders. As a result, these major cities receive about 16 cents per passenger while the smaller areas receive twice that amount. According to figures compiled by the New York State Department of Transportation, for transit intensive cities, the per passenger subsidy is even greater: New York - 9¢, Chicago -11¢, Philadelphia - 13¢, San Francisco - 13¢, and Atlanta - 13¢. In comparison, the cities of Phoenix and San Jose receive in excess of 80¢.

In order for the MTA and other transit intensive systems to receive operating assistance commensurate with the service provided and hence with need, the method for distributing federal funds must be changed. I strongly support amending the current operating assistance formula which is based on population and population weighted by density to one which is based on transit service. The optimum indicator of transit service is ridership. Another indicator of service is the fare box intake since transit intensive cities also collect the largest dollar amounts at the fare box. The New York MTA system, for example, collects 40% of the national fare box intake.

On the matter of the Section 3 discretionary capital assistance program, I propose a redirection of the disbursement of assistance to a system which is based on need. Therefore, transit systems with the greatest need for acquisition, construction, reconstruction, and improvement of transit facilities and equipment will receive funds in proportion to these needs. It simply makes no sense to base capital assistance on factors which are not related to need -- factors like ridership or population. For example, the District of Columbia Metro-Rail system has large ridership but, as a brand new system, has little capital requirement.

In late March, the United States Conference of Mayors Subcommittee on Public Transportation met in Tucson, Arizona, to develop principles to guide the conference in working toward reauthorization of the Urban Mass Transportation Act. Representatives of 15 U.S. cities were in attendance, including New York, Chicago, Los Angeles, Philadelphia, Boston, and San Francisco. Consensus was reached on a number of broad principles, including the need for increased authorization levels and service based operating assistance. On the matter of the UMTA operating assistance formula, the group also agreed that population factors generally should not be used.

I strongly support the general thrust of the position developed at the Tucson conference and view the meeting as a healthy sign that it is possible to move toward a more equitable and responsive federal urban mass transportation assistance program. I am committed to working with the Subcommittee and others in achieving this end.

Again, I deeply appreciate this oportunity to comment on the very important urban mass transportation issues before the subcommittee.

Commuter Services
INCORPORATED

Michael O'Donoghue
President
Phone: 205-322-6666

Comm. Chris Dols, Chairman
Gerald J. Kiefer, Vice-Chairman
Dr. W. C. Patton, Secretary
Dr. J. Dudley Pewitt, Treasurer

RECEIVED
April 22, 1980
APR 28 1980
Italiano
PUBLIC WORKS AND TRANSPORTATION

Mr. Joe Italiano
House Public Works & Transportation Committee
2165 Rayburn Building
Washington, D. C. 20515

Dear Mr. Italiano:

This is in response to a request from Representative Robert Edgar to comment on his proposed legislation and to submit comments for consideration by the House Surface Transportation Subcommittee. Unfortunately, his mailing of April 11, 1980 has only reached my desk on today, April 21st. I presume it was sent to the Birmingham Regional Planning Commission. Please make a change of address in your files so that all rideshare related materials are sent to me at the address on this letterhead. Commuter Services, Inc. has been established by local elected officials and businessmen as the only agency to promote the rideshare concept in this area.

Allow me to make a few comments which represent the thinking of one who is involved full time in the local promotion of the various forms of ridesharing.

1. The Federal Role in Ridesharing. Frankly, the principal Federal role should be in the provision of financial assistance. In some states, as in Alabama, there is no financial assistance from the state. Here in Birmingham, we are being principally funded by Federal-Aid Urban-Systems Funds. In order to do this, local elected officials have made the difficult decision of dropping a needed road improvement in order to fund this program.

2. Federal Policies. A very negative Federal policy is that which requires 25% local match for rideshare programs funded by Urban Systems Funds. It used to be a 10% match that was required. It is difficult to understand how on the one hand it is "national policy" to promote ridesharing, while on the other hand, the implementation of rideshare programs is made more difficult by increasing the required local match. I am concerned that those responsible for Federal policies are not sufficiently aware of the fact that many local governments are genuinely short on cash. Another Federal policy which would be helpful would be encouragement to states to move from state highway departments (as in Alabama) to state departments of transportation. This would help develop an understanding of the fact that transportation planning in the future will have to consist of more than mere highway construction.

Suite 203, Commerce Center / 2027 First Ave. North / Birmingham, Alabama 35203

3. Effectiveness of Federal Programs. I would be reluctant to judge the performance of the apparently few people in Washington assigned to work on rideshare programs without knowing the extent of resources available to them. The principal comment I would make here is one that has been voiced also by others in ridesharing, namely, that there simply does not appear to be a deep commitment to the concept in the Department of Transportation. In overall transportation system planning, there are several viewpoints. One viewpoint is that the rideshare concept is nothing more than "frosting on the transportation cake"--something nice if you can have it, but not really important. This is probably a common view in traditional highway departments. A different view is one that says the rideshare concept is becoming an intregal part of transportation planning during the next twenty years. This is a view which is based on the belief that transportation planning of the future will have to emphasize maximization of existing facilities and vehicles rather than the production of yet more unaffordable facilities. Speaking for the Birmingham area, I can say that the push towards ridesharing comes partly from elected officials who understand the financial strains now involved in highway construction and maintenance and the consequent necessity of continuing rises in taxation, and partly from the general public who are feeling the very real need to somehow reduce the cost of their personal transportation, especially the essential and regular trips such as the journeys from home to work. I sense that it is the feeling of many who are engaged full time in ridesharing that transportation planners in general and, perhaps, the FHWA in particular are not sufficiently attuned to what both the public and the politicians are aware of with regard to needed new directions in transportation.

   Might I suggest that one specific federal program would be a continuation of existing efforts to produce an effective means of matching potential ridesharers by computer processing. Specifically, I would encourage coordination between DOT, the Census Bureau and other appropriate bodies. Each has produced a computerized matching program. Each program is good to a point, but could do with some improvement. Perhaps the answer lies in greater coordination among technicians. As always, I would strongly suggest that coordination be done in conjunction with local level people involved in the practical day-to-day difficulties of rideshare matching.

4. Insurance Issues. We have not heard anything from the Insurance Subcommittee of the President's National Task Force on Ridesharing. Commuter Services, Inc. (Birmingham) has engaged an insurance consultant to develop a body of opinions. I had submitted an outline of this consultant's work to the Insurance Subcommittee partly to assist them and partly to have their review and comment on our approach. Unfortunately, there does not appear to be a mechanism for acquainting rideshare professionals with deliberations of the various subcommittees of the President's Task Force.

The overall tone of the above comments may be somewhat negative, but they are at least candid. As one who is engaged full time in promotion of the rideshare concept, I do not feel that there is adequate support from Washington. This, in turn, I believe stems from a lack of commitment to the concept. During the last several months it seems like every federal agency in existance has called my office for information on what we are doing in ridesharing. At first I thought this was an expression of renewed interest. After awhile it became apparent that these many calls were uncoordinated. It took considerable staff time to try to respond to these in a helpful manner. In the last analysis, however, I have observed that nothing more has come out of any of these.

The FHWA has developed a fairly useful computerized matching program and has made some publications available. Beyond this, there is not much to see as a result of consideral federal talk about the merits of ridesharing.

I will be more than happy if you can make me eat my words. Beyond that, I want to assure you of every cooperation that this agency can give you. Thank you for your interest and attention.

Sincerely,

Michael O'Donoghue

Michael O'Donoghue
President

MO'D/mjm

COMMENTS ON THE SURFACE TRANSPORTATION ACT OF 1980

HR 6417

Submitted To:
Subcommittee on Surface Transportation
House Committee on Public Works and Transportation

Public Hearing: April 21, 1980

By: Michael J. Quillen, President
Paramont Mining Corporation
P. O. Box 800
Wise, Virginia 24293

66-676 O—80——29

I am Michael J. Quillen, President Paramont Mining Corporation, Wise, Virginia. I am a graduate civil engineer with a Masters of Science in civil engineering with emphasis on Surface Transportation. I was previously employed by the Virginia Department of Highways and Transportation as a Principal Transportation Planning Engineer and was the first Public Transportation Co-ordinator with the Virginia Department of Highways. I am presently President of a coal mining company employing approximately five hundred (500) people in Southwest Virginia and Eastern Kentucky. Our Company shipped approximately two million (2,000,000) tons of bituminous coal in 1979, all of which was delivered to our rail loading facilities by over-the-road trucks operating on public highways.

Therefore, Subsection 157 titled Energy Impacted Rail and Highway Transporation of Section 117(a) Chapter 1 of Title 23 as proposed in H.R. 6417 is of primary importance to the continuance of our ability to provide our most abundant energy resource "coal" to the consumer. At the present time in Southwest Virginia, the great majority of coal has to be delivered to the railroad car loading facilities via over-the-road coal trucks traveling on public highways, primarily secondary roads. As coal mining has existed in our portion of the Commonwealth for over one hundred (100) years, the majority of the secondary roads are rebuilt country roads constructed many years ago without proper design, particularly as to base material and drainage. In addition, peculiar highway design problems exists in our area due to the very steep terrain.

In April, 1980, coal hauling regulations took effect in Virginia which limited the amount of coal which could be hauled on public highways based on volume calculations of the truck's bed. There has been a continuing pattern over the past several years to reduce the loads carried by coal trucks to reduce pavement damage and spillage, of which the April regulation is the most recent. The Virginia Department of Highways and Transportation also has the power, which it has used on past occasions, to further reduce allowable coal haul weights during specific periods such as freeze-thaw cycles. The logic of these restrictions are not questioned, however, the net effect on coal movement has been a substantial reduction in the amount of coal hauled per trip. Therefore, many more trips are required to move the same amount of coal with a proportionate increase in the amount of fuel consumed by the trucks. There is also an increase in the amount of fuel consumed by other vehicular traffic which is delayed by the slow-moving coal trucks on non-passable two-lane highways.

The monies proposed in H. R. 6417 would greatly aid the Virginia Department of Highways and Transportation in maintaining the coal haul roads of the Commonwealth of Virginia in a condition which maximizes the vehicular movement of coal as well as other commodities and the safety of persons using the Commonwealth's highways. With the decreasing amount of gasoline tax money available, the source of funding recommended in H.R. 6417 could provide the monies to rehabilitate the present public highways which carry high volumes of coal traffic in addition to constructing certain capital projects to eliminate bottle necks in our current transportation system caused by increasing coal truck traffic.

With the increasing coal usage, the amount of rail traffic in our area will also increase. Therefore, rail improvements in our narrow transportation corridors are also needed to correct some of the operational problems, particularly the large number of at-grade rail-highways crossings which delay vehicular coal movement considerably.

Without some method of upgrading the coal impacted roads in this region, our ability to supply the coal needed by our energy-starving nation is in jeopardy. The previous methods of financing such improvements have been inadequate and are rapidly decreasing. The passage of this section of the Surface Transportation Act of 1980 is vital to the Commonwealth of Virginia and the United States of America to strengthen our goal of energy self-sufficiency.

QONAAR CORPORATION
751 PRATT BOULEVARD
ELK GROVE VILLAGE, ILLINOIS 60007
(312) 437-0710

ROBERT RITTMASTER
PRESIDENT AND
CHAIRMAN OF THE BOARD

March 31, 1980

RECEIVED
APR 10 1980
PUBLIC WORKS AND TRANSPORTATION COMMITTEE

Congressman James J. Howard
Surface Transportation Subcommittee
Room 2167, Rayburn Office Building
Washington, D.C. 20515

Dear Congressman Howard:

Enclosed is a statement of public transit issues which I hope you will consider including in the record on Mass Transit hearings held on March 26, 1980 by your subcommittee.

At Duncan Industries, we are watching with increased concern the continued rise in transit ridership without a corresponding increase in the capacity of equipment and facilities to accommodate the added number of transit users. I know you share this concern and are moving to correct the problem.

Very truly yours,

Robert Rittmaster

Enc.

RECEIVED
APR 7 1980
JAMES J. HOWARD

STATEMENT

of

ROBERT RITTMASTER, CHAIRMAN AND PRESIDENT
QONAAR CORPORATION

before the

SURFACE TRANSPORTATION SUBCOMMITTEE
of the
HOUSE PUBLIC WORKS AND TRANSPORTATION COMMITTEE

Duncan Industries Mass Transit Systems, a manufacturer of fare collection systems and related equipment, and a Division of QONAAR Corporation, is a strong supporter of efforts to expand and rehabilitate our nation's public transit systems.

Public transit is an excellent strategy to approach the problems of energy conservation, air pollution, auto congestion, and is an important component of a national effort to improve mobility.

Duncan applauds the efforts of this committee to provide a level of funding which will expand bus fleets, taking into account the disproportionate inflation in the transit industry. In many communities, a public transit bus is the only alternative to the single-occupant automobile. As the price of gasoline rises (and a well-known energy newsletter this week predicted $2 per gallon gasoline by the end of the year), our citizens will have an incentive to give public transit a chance where it is convenient and accessible.

Unfortunately, Mr. Chairman, public transit today has only a limited capacity. It is good rhetoric to ask our commuters to take the bus to work, but it is empty rhetoric when those commuters find that those buses are filled to capacity.

Every gallon of gasoline we can conserve is one less gallon which needs to be imported. Our national security is poorly served by our dependence on OPEC oil. Over seven million barrels of gasoline each day fuel our vehicles, and it is perhaps this segment of our fuel use which can be sharply reduced without serious damage to personal lifestyles.

Mr. Chairman, the Administration planned to send to the Congress a request for $331 million for bus and bus facilities -- Section 3 grants, financed from the windfall profits tax. I understand that this request will be pared by the Administration.

I urge you to consider retaining funds in this category. It would be unwise to sacrifice public transit programs on the altar of fighting inflation when it is unquestionably clear that public transit programs assist in the fight against inflation.

Mr. Chairman, according to the American Public Transit Association, there are 14,000 obsolete buses on our streets which need replacement. It will take $16 billion to build and rehabilitate bus facilities and buses over the next 10 years. Each year we delay in providing for these capital needs, we delay maximizing the value of the billions of dollars we have already invested in providing our citizens with the transit alternative.

I am concerned that the large productive capacity of domestic bus manufacturers, as described in the March 19 testimony before your committee, will remain fallow at a time when it is in the national interest to produce these vehicles. In this regard, Duncan Industries supports a production guarantee for buses as opposed to the direct purchase of buses by the Federal government with a subsequent "draw down" on this reserve by the nation's transit systems.

Mr. Chairman, Duncan Industries plays only a small role in providing our nation with the public transit equipment it requires. We have been suppliers to both large and small transit properties, and we have listened closely to their problems. Within just the last year, we have seen a new attitude, not only in the urban areas, but even in rural areas, concerning the value of public transit programs. A gallon saved in New York City, for example, leaves one more gallon for use in the small towns and villages where public transit is not yet a viable public investment.

I am pleased that this committee has once again committed itself to rolling up its sleeves and addressing the problems of public transit, and I am confident that under your leadership, Mr. Chairman, HR 6417, when reported, will make a significant contribution to improving public transit in our nation.

COMMUTER POOL

VANPOOLS
BUSPOOLS
RIDEMATCHING
FLEXIBLE WORKING HOURS
PARKING MANAGEMENT

STEERING COMMITTEE

District Administrator
Washington State
Department of Transportation

Public Works Director
City of Renton

Traffic Engineer
King County

Director of Public Works
City of Kirkland

Manager of
Transit Development
Metro

Transportation Engineer
City of Bellevue

Traffic Engineer
City of Seattle

SEATTLE/KING COUNTY
COMMUTER POOL
Arctic Building Room 600
704 Third Avenue
Seattle Washington 98104
(206) 625-4651

RECEIVED
APR 25 1980
PUBLIC WORKS AND [illegible]

Italiano

April 14, 1980

Joe Italione
House Public Works & Transportation Committee
2165 Rayburn Building
Washington, D. C. 20515

RE: HR 6964

Thank you for the opportunity to submit testimony on what appears to be an extremely important piece of legislation.

Prior to this last week, I would have felt that special earmarked funds for ridesharing activities were unnecessary. In the Seattle area, local and state officials have been most willing to program existing Federal Aid Urban funds for both ridesharing and administrative costs as well as no-interest laws for vanpool development. This area is committed to utilize whatever funds are available to develop High Occupancy Vehicle special lanes on freeways, parking strategies, flex-time programs and an agressive transit program.

However, with recent budget cutbacks, the amount of FAUS funds available for ridesharing have been drastically reduced. If the ridesharing program is to survive and grow to help meet the conservative challenge brought about by this energy crisis, we must have some additional assistance from the Congress to help local government. HR 6964 or the Auto Use Management proposals of the Administration would help provide that assistance.

I particularly would like to urge further consideration of a no-interest loan program for vanpool development. I note that HR 6964 does not now contemplate that approach. Vanpooling has proven an extremely effective approach to increase ridesharing. However, most vanpooling is confined to large employers of 500 employees or more. The other 90% of this nation's commuters do not have vanpooling as an option. Therefore, third-party providers are needed to put together vanpool programs for groups of smaller employers, industrial parks, etc. that are now not well served by transit. The no-interest loan approach would help this effort immeasurably. In our own third party program, we have 40 vans in operation saving over 6,000 gallons of fuel per van per year with the hope of expansion to 130 vans by Fall.

Further, if the Congress can do nothing else in this present economy, if it will consider employer provided ridesharing or transit pass subsidies to employees as a non-taxable fringe benefit, such an approach would prove a powerful incentive. As it now stands, most employers outside of the urban core provide free parking as a non taxable fringe benefit to employees. This becomes a strong disincentive to employees to consider ridesharing or transit. We request that the Congress put transit pass subsidies and ridesharing subsidies on the same basis as employee parking.

Finally, I do not see the need to organize the ridesharing effort at the Federal level. The Federal Highway Administration seems quite capable, with the addition of some staff positions, of administering the existing ridesharing program.

Again, I appreciate the opportunity to comment.

Sincerely,

William T. Roach

WILLIAM T. ROACH
Program Manager

WTR:elg

APR 15 1980

OFFICE OF THE SECRETARY OF TRANSPORTATION
WASHINGTON, D.C. 20590

ASSISTANT SECRETARY

April 10, 1980

The Honorable Robert W. Edgar
U.S. House of Representatives
Washington, D.C. 20515

Dear ~~Mr. Edgar~~ Bob:

It was good seeing you last week and to be reminded of your continued interest in ridesharing. There are several interesting activities in this arena that you, no doubt, will be interested in following. The White House is planning a major ridesharing initiative as part of its energy conservation outreach efforts with large private sector employers. A kick-off East Room Ceremony is currently planned for mid-April to be followed by a series of regional visits by Cabinet officers and White House staff. These visits will commence in late April and continue through the early summer. The intent here is to get business leaders directly involved in making a corporate commitment to ridesharing.

In addition, the National Task Force on Ridesharing has been pursuing several initiatives. The Task Force has contacted each governor asking them to create a State-level forum for bringing together government and business leaders for the purpose of promoting ridesharing. The Task Force also asked each State to designate a single focal point or contact for ridesharing activities.

The Task Force has been especially active in developing a national marketing/networking concept to provide information and technical assistance on ridesharing. With the assistance of DOT staff and possibly a contractor, we plan to establish a National Information Center on Ridesharing. To be housed here at the Department, this Center will be able to refer interested companies or governmental officials to other companies or agencies within their region with similar programs or problems. The Center will collect, package and disseminate information about ridesharing to interested parties.

SPEED LIMIT
55
It's a law we can live with.

We are also developing a Loaned Executive Program whereby a company may need the assistance of another corporate official in either establishing or expanding its ridesharing program. We will be able to refer or recommend the appropriate Loaned Executive to provide the on-site assistance as well as cover the travel expenses involved. The salary of the Loaned Executive would continue to be paid by the employer. These are highlights of a few exciting activities that are underway.

On the legislative front, we are reviewing your ridesharing bill and I would very much like to bring Angus Duncan, Director of DOT Energy Policy, to meet with you to discuss both your bill and our legislative proposal for Auto-Use Management. We hope to be able to work closely with you on this important legislation.

In the meanwhile, we will send you information on key events as we learn about them and look forward to meeting with you on legislation.

Sincerely,

Susan

Susan J. Williams
Assistant Secretary for
Governmental Affairs

I hope you'll be able to attend the White House ceremony on ridesharing. I'll keep you posted!

STATEMENT OF

MARC WINSTON

Vice Chairman
Transit Advertising Association

and

President
TDI/Winston Network, Inc.
375 Madison Avenue
New York, N.Y. 10016

Accompanied By

Joseph Palastak
Executive Director
Transit Advertising Association
1725 K St., N. W.
Washington, D. C.

before the

SUBCOMMITTEE ON SURFACE TRANSPORTATION

COMMITTEE ON PUBLIC WORKS AND TRANSPORTATION

UNITED STATES HOUSE OF REPRESENTATIVES

April 21, 1980

MR. CHAIRMAN, I AM MARC WINSTON, VICE CHAIRMAN OF THE TRANSIT ADVERTISING ASSOCIATION AND PRESIDENT OF TDI/WINSTON NETWORK, INC.

I AM ACCOMPANIED BY MR. JOSEPH PALASTAK, EXECUTIVE DIRECTOR OF TAA: BASED HERE IN WASHINGTON.

THE MEMBERSOF TRANSIT ADVERTISING ASSOCIATION RECEIVE 85% OF THE REVENUES GENERATED THROUGH TRANSIT ADVERTISING IN THE UNITED STATES. THE PURPOSE OF TAA IS TO ESTABLISH STANDARDS OF SIZE AND QUALITY IN TRANSIT ADVERTISING; TO WORK WITH DESIGNERS AND MANUFACTURERS OF MASS TRANSPORTATION EQUIPMENT IN PRODUCING SUITABLE LOCATIONS FOR ADVERTISING; PROMOTE THE UNDERSTANDING OF THE TRANSIT ADVERTISING MEDIUM ON ALL LEVELS AND HELP ESTABLISH BETTER AND MORE EFFECTIVE OPERATIONAL AND SALES TECHNIQUES THROUGHOUT THE INDUSTRY THROUGH INTERACTION OF ITS MEMBERSHIP.

TRANSIT ADVERTISING INCLUDES THE ADVERTISING DISPLAYED ON THE INSIDE AND OUTSIDE OF MASS TRANSPORTATION VEHICLES AND ON STATION PLATFORMS AND ENTRYWAYS. IN ITS LONG AND DISTINGUISHED HISTORY, TRANSIT ADVERTISING IS MUCH IN EVIDENCE IN PHOTOS OF ANY CITY, TAKEN SINCE THE TURN-OF-THE-CENTURY. IT ALSO INVARIABLY SHOWS UP IN CLASSIC DRAWINGS OF ANCIENT MASS TRANSPORTATION VEHICLES. TRANSIT ADVERTISING EXISTS IN PRACTICALLY EVERY COUNTRY THIS SIDE OF THE IRON CURTAIN.

WE ENDORSE THE IDEA OF EXTENDING FEDERAL SUPPORT TO OPERATING ASSISTANCE AS WELL AS CAPITAL PROJECTS. HOWEVER, TAA WOULD SUGGEST THAT ANY LEGISLATION DEALING WITH OPERATING ASSISTANCE SHOULD CONTAIN A MAINTENANCE-OF-EFFORT PROVISION.

THE ESSENCE OF OUR THOUGHTS IS THAT IT IS INCUMBENT ON ALL OF US INVOLVED IN MASS TRANSIT TO MAKE THE BUS WORK AS HARD AS POSSIBLE.

OUR CONCERN, NOW AS IN THE PAST, IS THAT INCREASES IN FEDERAL DOLLARS COULD MEAN DECREASES IN LOCAL EFFORT, EITHER REDUCED TAXES OR FARES OR DISCONTINUATION OF ADVERTISING REVENUES. THE PRESENT M-O-E PROVISION HAS PREVENTED THIS FROM HAPPENING.

WHAT WE ARE ENCOURAGING IS NOT THE REQUIREMENT OF ADVERTISING BUT THE MAINTENANCE OF LEVELS OF LOCAL CONTRIBUTIONS THROUGH ANY CHOICE THAT THE PARTICULAR CITY OR AUTHORITY MAY DESIRE, SO LONG AS FEDERAL FUNDS ARE NOT SUBSTITUTED FOR LOCAL FUNDS.

THERE ARE MANY VERY IMPORTANT REASONS WHY ANY LEGISLATION SHOULD INCLUDE PROVISIONS FOR THE CONTINUATION OF MAINTENANCE-OF-EFFORT, INCLUDING TRANSIT ADVERTISING REVENUES.

(1) TRANSIT ADVERTISING REPRESENTS A PRESENT SOURCE OF REVENUE WHICH WILL SHOW A GREATLY INCREASED POTENTIAL AS MASS TRANSPORTATION GROWS. IN 1979 TRANSIT ADVERTISING CONTRIBUTED APPROXIMATELY 35 MILLION DOLLARS IN REVENUE TO U. S. TRANSIT SYSTEMS. THESE ARE NET DOLLARS FOR WHICH TRANSIT SYSTEMS HAVE VIRTUALLY NO EXPENSES. WE ARE TALKING ABOUT "FOUND MONEY" WHICH COSTS NOTHING TO THE TAXPAYER, NOTHING TO THE RIDER, NOTHING TO THE TRANSPORTATION COMPANY, YET HELP US TOWARD OUR GOAL OF ENERGY EFFICIENCY.

(2) REVENUES GENERATED BY THE TRANSIT ADVERTISING INDUSTRY CAN BE USED CURRENTLY AS ELIGIBLE LOCAL SHARE. THE SUBSTITUTE FOR IT WOULD BE TAXPAYER DOLLARS...SO TRANSIT ADVERTISING REVENUES SAVE THE TAXPAYERS MONEY: A VITAL CONSIDERATION IN ANY PERIOD--BUT, ESPECIALLY, IN TODAY'S ECONOMY.

(3) TRANSIT ADVERTISING DOLLARS CAN BE USED CURRENTLY AS MATCHING FUNDS. THEREFORE, TRANSIT ADVERTISING DOLLARS COULD BE USED TOWARD PURCHASE OF NEW BUSES AND/OR TOWARD OPERATING EXPENSES.

(4) TO SUSTAIN AND BUILD ON CURRENT PUBLIC INTEREST, MASS TRANSPORTATION MUST BE CONTINUALLY PROMOTED THROUGH ADVERTISING. IN WHAT MORE ECONOMICAL AND APPROPRIATE WAY COULD THIS BE ACCOMPLISHED THAN THROUGH THE USE OF TRANSIT ADVERTISING: AN ADVERTISING MEDIUM IN WHICH MILLIONS OF DOLLARS ARE SPENT BY ADVERTISERS IN COMPETITION WITH OTHER ADVERTISING MEDIA?

(5) TRANSIT ADVERTISING, AS ALL OTHER ADVERTISING, IS A VITAL PART OF A FREE ENTERPRISE ECONOMY HELPING TO CREATE THE OPPORTUNITY FOR FREEDOM OF CHOICE.

(6) TRANSIT ADVERTISING IS USED BY ALL KINDS AND SIZES OF ADVERTISERS, BUT IT REPRESENTS ONE OF THE FEW OPPORTUNITIES LEFT FOR THE SMALL BUSINESSMAN TO REACH A MASS AUDIENCE AT A PRICE HE CAN AFFORD TO PAY. TRANSIT ADVERTISING HAS ALWAYS HAD GREAT COST EFFICIENCY AND HAS RESISTED THE EXPLOSIVE RATE INCREASES CHARACTERISTIC OF MOST OTHER ADVERTISING MEDIA.

(7) THE TRANSIT ADVERTISING INDUSTRY CONTRIBUTES HUNDREDS OF THOUSANDS OF DOLLARS IN PUBLIC SERVICE ADVERTISING EVERY YEAR. BESIDES THE CLEAR IMPORTANCE OF THIS TYPE OF ACTIVITY TO THE PUBLIC GOOD...IN SOME CASES TRANSIT ADVERTISING IS THE ONLY RELIABLE METHOD OF COMMUNICATING VITAL PUBLIC SERVICE INFORMATION TO UNDERPRIVILEGED MEMBERS OF OUR SOCIETY.

(8) TRANSIT ADVERTISING IS A PART OF THE AMERICAN ECONOMY. IT EMPLOYS CARDERS, TRUCK DRIVERS, SALESMEN, SECRETARIES, ACCOUNTANTS: ALL DEPENDENT ON THE INDUSTRY FOR A LIVELIHOOD. LIKE ANY OTHER BUSINESS, IT HAS SUPPLIERS DEPENDENT ON IT: SILK SCREENERS, LITHOGRAPHY PLANTS, FRAME-MAKING CONCERNS, PAPER COMPANIES, MASONITE PRODUCERS, PAINT MANUFACTURERS, ETC. THESE PEOPLE SHOULD NOT RISK LOSING THEIR LIVELIHOOD BECAUSE OF OPERATING SUBSIDIES.

TRANSIT ADVERTISING HAS BEEN A SOURCE OF REVENUE FOR MASS TRANSPORTATION COMPANIES FOR 125 YEARS. THERE WAS A TIME WHEN THE REVENUE BROUGHT IN FROM TRANSIT ADVERTISING SPELLED THE DIFFERENCE BETWEEN PROFIT AND LOSS TO PRIVATELY-OWNED TRANSPORTATION SYSTEMS. THIS SOURCE OF REVENUE WOULD SEEM NO LESS IMPORTANT IN THESE TRYING TIMES.

WE OF THE TRANSIT ADVERTISING ASSOCIATION FEEL THAT WITH ALL THE VERY POSITIVE REASONS FOR ENCOURAGING TRANSIT ADVERTISING REVENUES, ANY LEGISLATION RELATING TO SUBSIDIES FOR MASS TRANSIT SPECIFICALLY SHOULD CONTAIN A PROVISION FOR MAINTENANCE-OF-EFFORT...WITH TRANSIT ADVERTISING REVENUES BEING INCLUDED IN THE MAINTENANCE-OF-EFFORT AS ELIGIBLE LOCAL AND MATCHING FUNDS. IT IS ONE MORE WAY OF MAKING THAT BUS WORK HARD FOR ALL OF US.

MR. CHAIRMAN, WE APPRECIATE THIS OPPORTUNITY TO PRESENT OUR TESTIMONY. THANK YOU. WE WISH THIS COMMITTEE CONTINUED SUCCESS IN ITS MOST IMPORTANT WORK.

○

pages tightly bound

best copy available